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Managing Editor



News flash: history tops hockey

When I was in high school, the head of the history department, an expert Brit, was fond of boasting that he had never taught Canadian history, and never would, because in his considered opinion, "Canada does not have a history worth teaching." Being young and stupid, we students misread his condescension for wisdom. But he was dead wrong. The evidence is right in front of our eyes on Sunday nights when the CBC airs its magnificent, 16-part documentary series *Canada: A People's History*. The series proves conclusively that, presented intelligently, Canadian history is enthralling.

Even Mark Steynovic, an brilliant producer, is astounded by the way the show has captured the imaginations of Canadians. An average of 2.4 million of us tune in to each two-hour installment. That's twice the size of the audience for *Hockey Night in Canada* on Sundays and three times that for Peter Mansbridge at 10 on week nights. Or, to look at it another way, on CBC history only two programs have ever drawn more viewers on Sunday night. *Ave of Green Gables* and the *Grey Cup*.

Why the sudden interest in Canadian history? Well, actually, it isn't sudden. The interest has been there for a long time; it's simply been unrecognized and untapped. The pollsters at Environics Research Group ascribed even themselves when they conducted a survey two years ago on the



John A. Macdonald, a series writer

newsmag, those issues have generated a large response from our readers, who clearly hunger to know more about our past.

Yes, Canada has a history that is very much worth teaching—and learning.

Jeffrey Rabin

jeffrabin@torstar.com or to comment on Peter's Managing Editor

merged it with another acquisition, Portfolio Analytics Ltd. of Toronto. This year's tables were compiled by Chief Research Patricia Tuttle. National Business Correspondent Katherine MacLennan interviewed industry sources for the main story (page 30). She joined Assistant Managing Editor Brian Woodward, who oversees the package. For a lively panel discussion with financial experts Jeffrey Rabin of CBC's World Markets, Wendy Boudreau of Goodman International Investments and Eric Kestner of the University of Toronto. The cover was designed by Acting Art Director Giselle Schwab.

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Newsroom Notes

Funds of knowledge

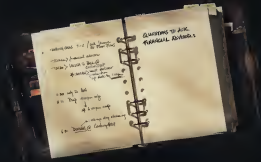
Even more than most years, this RRSP season is a confusing time for investors. Markets are in a jumble, companies are lowering forecasts. So what's an investor to do? Our suggestion: consult the words of MacLennan. For the fifth year, the magazine's financial team has assembled comprehensive findings of the best and worst performing mutual funds, in association with Toronto-based Morningstar Research Inc.



MacLennan (left), Brothers, Woodward, Kestner, Rabin: investment strategies

Last year, Morningstar's U.S. parent bought BellCharts Inc., the Toronto company that had produced the best-and-worst data in previous years, and

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Overture

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Edited by Anthony Wilson-Smith
with Shanda Deuel

OVER AND UNDER ACHIEVERS

That's Montreal, U.S.A.!

How you can't see the GG needs love that dates to speak to names! He/she's most loved function—in *Académie de Musique*! And life in the show house with an-MOV

◆ **Stockwell Day:** Tries unsuccessfully to suppress news that sentence of his legal troubles cost Alberta taxpayers almost \$800,000. *Sap, silence really is golden!*

◆ **Alma Christie:** The PM's wife gets honorary diploma from Royal Conservatory of Music. Her next for teaching her husband how to go out on a high note.

◆ **The Montreal Canadiens:** New rule to name only.

◆ **Adrienne Clarkson:** So we know that Canada's head of state will need better wishes in return for a wedding invite. She's just not allowed to wish couples a gay old time.

◆ **Former MPs:** New report says public life is tough on marriage and future career prospects—but most would do it all again. You can run and you can hide.

◆ **Our reimagined suburbs:** The new \$10 bill is supposed to promote national unity. A better idea would be a loan worth more than 70¢ (U.S.).



Greppas, after ballet school, there was no looking back

OVERCARD

Cowboy and Indians

Michael Greppas, a Prince Consort from Qu'Appelle Valley, Sask., was the first aboriginal boy—then age 10—accepted into the prestigious National Ballet School in Toronto, in 1977. After graduating in 1987, he spent three years with the company before leaving for New York City to join the Elton John Ballet. In 1993, he married actress Greppas, now 33, talked to Maclean's Reporter Catherine Roberts about his journey in Hollywood.

I really wasn't interested in dance. My older sister, Phyllis, was taking lessons and I had to wait with my mother for her to finish. I decided I might as well take lessons, too. It was Phyllis who decided to apply to National Ballet School. I never knew that Phyllis had put an application in for both of us. It was her decision, so it was really hard when I got in and she didn't.

My mother remembered the loneliness of being at a residential school in Saskatchewan, away from her family, and vowed never to let that happen to her children. So Jerry Pearson, both took a leave of absence from their job to join me. After I was accepted to the school full time, they moved permanently to Toronto. No one has ever gone back.

I left Toronto to work with Elton Feld as a soloist. When I was with the National Ballet of Canada there were about 70 dancers, but Feld's company had 20 dancers. It was very innovative. I also met my wife, Nancy. It was a great time. I was 22 years old (and) living large.

I never had acting experience when I got my first role in the movie *Grease*. But it wasn't all I landed the role of Crazy Horse (in the 1997 movie of the same name) that changed things to change. [In] my latest feature, *Shogun*, the character I play is a cowboy who falls in love with Lydia, played by Jennifer Jason Leigh. Ironically, I was cast for the movie while I was on holiday in Europe. If there was ever a role that I was down to get, it was that one.

Not the Oscars, but not bad at all

In the struggle to make the Canadian film industry as glamorous as its Hollywood counterpart, this year the Genie Awards will give presenters high-end gift baskets. The Academy Awards began passing out baskets stuffed with the latest in luxury and electronic crap back in 1988. Last year's version included a \$1,275 David Yurman charm bracelet, \$398 Bully men's Havana loafers and a \$1,650 beaded patch-



mina shawl from Parrot's Denim. While the Genies can't match the estimated \$15,000 price tag of the Oscar basket, these items will still be welcome.

◆ TAG: Hear watch	\$1,400
◆ Benetton: Repetto: cashmere sweater	\$400
◆ Mont Blanc: Böhme: ballpoint pen	\$215
◆ M.A.C.: Cosmetics: gift box	\$200
◆ Fathia: Saba: personal organizer	\$135
◆ Tiffany & Co.: Hangover: champagne flutes (2)	\$130
◆ Ray-Ban: aviator sunglasses	\$110
◆ Chanel: deluxe perfume set	\$100
◆ Louis Vuitton: City Guide	\$80
◆ Kodak: Advantia: camera	\$75
◆ Gift certificate, the Spa at Windsor Arms Hotel	\$50
◆ Godiva: chocolates	\$25
TOTAL:	\$3,280

LEWIS & CLARK

Out of the Web, a mystery is solved

Digital e-mails, the Internet and a amateur scripter on the other side of the Atlantic Ocean recently helped solve an 82-year-old mystery for a Canadian family: Don Dalmage, 90, of Prince Edward County, Ont., was



Dalmage (front row left) in one of his roles as a soldier, or as a

immediately intrigued when, at age 9, he saw a picture of his grandfather's home of an unknown relative dressed in a military uniform. He didn't ask for details then, but decades later he learned that the man, who bore what the family calls "the Dalmage Square," was his great uncle Hubert, who was killed in France shortly before the end of the First World War. But, says Dalmage, the family "never knew where he was buried, or where he was killed."

Last November, Dalmage's wife, Linda, returned from a meeting of a local women's group to which one of the members had brought a 1919 edition of *The Pictorial*. It had a photo of great uncle Hubert, and dated Sept. 3, 1918, at the date on which he had been killed. That led Dalmage to begin a new search of the Canadian Archives Web site (www.archives.ca), where he discovered a page on the War Grave Commission that listed where Hubert's body lay. Then, Dalmage, a amateur and amateur writer, took a shot in the dark and guessed on the information he had culled to a week-old contact in France that he had recently made via the Internet.

The man, Eric Goulet, spoke like English, while Dalmage speaks a bit of French; they managed to exchange details with the help of a bureau on the federal government's archives site that translates between English and French. It turned out that Goulet lived 50 km from the burial site, the Dury Mill Memorial Cemetery near Pando-Casas. Two hours later, Dalmage checked his e-mail to find a digital photograph of the grave. "Joyous! Well, man, yes," read the message. Said Dalmage: "The guy had driven up there and found the grave and took a picture. Eighty-two years on, never knew where he was. One e-mail, one shot. I just couldn't believe it."

Desk Check

OVERBITES

"Canadians should be able to expect the Governor General to respect and uphold their basic values and laws"

—Bishop Gerald Wilson, president of the Canadian Conference of Catholic Bishops, complains in a letter to Gov.

Gen. Adrienne Clarkson about e-mail she sent requesting best wishes to a male couple about to marry. The couple had invited her to the wedding.

"The Governor General's e-mail" sent best wishes in the same courteous way it would to anyone who had invited the Governor General to an event of personal importance to his or her personal life."

—Shirley Wilson, press secretary to Clarkson, responds: Clarkson's office said her letter was a pro-farmer response and not a political statement.

"Bags can fall off cars in the airport. We try to ensure it doesn't happen. However, it can."

—Luca Gohle, an Air Canada spokesman, discusses an incident, videotaped by a passenger in which staff repeatedly refused to return luggage left behind a baggage car without packing it up.

PHOTO BY JEFFREY M. HARRIS

PASSAGES

Died: Sportswriter Jim Coleman refused to retire, so at 89, he still wrote a daily column—on a typewriter—for *The Province* in Vancouver. The Winnipeg-born Coleman, renowned for his dapper dress style, ever-present cigar and encyclopedic memory, began his career at *The Winnipeg Tribune* in 1931. He later wrote for *The Edmonton Journal*, *Edmonton Bulletin*, *The Canadian Press*, *The Globe and Mail* and the *Southern chain*. The son of a Canadian Pacific Railway president, Coleman also spent years working at restaurants. He died in a Vancouver hospital while recovering from hip surgery.



Died: For the past year, actor Michael Caccione, 16, of Vancouver was known as "the cutie one" on the MTV boy-band show *Jersey*. At age 9, Caccione was diagnosed with Hodgkin's disease. In 1994, he set up a foundation, which has raised \$500,000 to date for the B.C. Children's Hospital. In 1997, he guest-starred as a cancer patient on *Baywatch* after he met the show's star David Hasselhoff. Caccione had overcome cancer twice, but the treatment left him in a weakened state. He died in a Vancouver hospital.

Died: Acclaimed Canadian stage, film and television actor Al Waxman, 65, from complications following heart-bypass surgery (page 39).

Died: During his career, satiric British writer Auberon Waugh, 61, contrib-

uted to *The Spectator*, *Private Eye*, *New Statesman* and founded *The Literary Review*. His first book, *The Floghorn Saga* (1966), was compared unfavourably to the work of his father—the famous novelist Evelyn Waugh. Later, Auberon Waugh became known for what *The Guardian* newspaper described as "the acidic personality which made him the most verbally brutal journalist of his age." At the same time, the paper noted, those qualities contrasted sharply with his "personal gentility." Waugh, who had a history of heart problems, died in his sleep in Somerset, England.

Awarded: Alice Christie, 64, will receive an honorary diploma from the Royal Conservatory of Music in Toronto. The Prime Minister's wife completed her Grade 6 piano certificate two years ago and is described by the conservatory as "an intermediate player and a pretty good one." Jean Christie has recently taken up the oboe—one which he played as a young man.

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Anthony Wilson-Smith

What Liberals won't admit

One day last summer, Jean Charest had lunch at a friend's house in Quebec's Eastern Townships. The Quebec Liberal leader was, one lunchmate recalls, in an ebullient mood. After a while, the conversation turned to what-if—such as what might happen if Charest were to become premier, and Paul Martin became prime minister. Charest spoke warmly of Martin, describing him as someone much more in tune with mainstream public opinion in Quebec than Jean Chrétien. As guests, Charest said, he would urge Prime Minister Martin to open constitutional talks with Quebec—and to do so quickly, because

"If he doesn't do it while he's in his honeymoon period, the rest of the country won't have any patience after that."

Left unspoken was another scenario—what if Charest became premier, and Jean Chrétien is still PM, showing no sign of going anywhere? Last week, we saw the answer. As premier, Charest would table a list of constitutional demands—and the PM, as he made clear through his obfuscation on the subject, would shove the proposal to the bottom

of his in-tray. The story—Charest's anger and the PM's reactions—fell off the news screen after a couple of days.

This serves as a reminder of a reality that federal Liberals don't like to admit: they are quite content to have a sovereignist party in power in Quebec—just so long as it is in no danger of pushing this option too far. After all, a federalist government in Quebec makes things so messy. The provincial Liberals have a long tradition of making nonsense, impossible-to-fulfill constitutional demands, as Charest has just done, and they stir up other provinces by continually leading a push for devolution of power. Charest is a pal of Ralph Klein, and who in Ottawa likes the prospect of Quebec and Alberta forming a strategic alliance? It's bad enough that Western provinces are now considering a summit to discuss findings of alienation if Quebec and the bumptious Mike Harris/Charest Tories were tossed into the mix, suddenly the PM could face a full-blown premier's uprising.

On the other hand, relations between the Federal Libs and the Parti Québécois are, well, rocky. There's no need for talk about changing the Constitution, because constitutionalists won't get off a PQ train without a minimum central but cool relations with their counterparts in other provinces, so they seldom play a leading role in any initiatives. When federal-provincial talks on various issues fail, the feds can always blame the PQ for torpedoing things. And the prospect of another refuta-

tion, however distant, allows the Libs to remind voters that they're the most-trusted party on national security issues. Some superstars believe the Libs have, on occasion, gone out of their way to help the PQ at election time. In 1994, for example, just as then-premier Daniel Johnson was preparing for an election, the federal Liberals made a surprise decision to close College militaire royal in St-Jean-sur-Richelieu. CMR had been created to counter anti-fanphone prejudices in the military, and the decision caused an uproar that contributed to Johnson's defeat in the election.

Chrétien's Liberals are content to have the PQ in power in Quebec—so long as there is no real danger of pushing sovereignty too far

In fact, on this occasion, the Libs simply mirrored the scale of public opinion—and their later efforts to rectify matters were aided by foot-dragging from Johnson's people. But that just touches the same issue of responsibility: anyone's negotiations on anything fail between federalists in Ottawa and Quebec City, those efforts will be smothered by sovereignty at a pace that the system doesn't work. So on issues like constitutional reform, a mind-set develops that it's better to not try at all than to try and be seen to fail.

This attitude drives Liberals in Quebec City crazy. It is a carefully controlled way. If they complain too loudly about Ottawa's intransigence, they add the accusations—that if they don't complain at all, they're seen as the PM's lapdogs. Still, unhappy federalists in Quebec are better off than grumbling people in Western Canada, at least the PM pays attention to the former, while appearing oblivious to concerns of the latter. The smoldering thing on both fronts is that the Libs have seldom in recent memory been better-placed to smother out and sidetrack action. They have a strong majority, a new mandate and every other party in the House of Commons is in disarray. The Alliance, NDP and Conservatives all face leadership questions, and the meltdown within the PQ caused by Lucien Bouchard's resignation will preoccupy the Bloc Québécois for some time to come.

In fact, the PM is likely the one person in federal politics who could try to bring Quebec into the constitutional fold without being snuffed in English Canada, thank him for the old observation that only Nelson could have gone to China to repair relations. Martin, if he ever becomes PM, will arouse great hopes in Quebec—which will be enough to make equal suspicions in the rest of the country. Different attitudes, same frustrating results. No wonder the Quebec sovereignty movement sometimes fades but never dies: its existence is too convenient for too many people.



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Taking the Heat

By John Goddard in Ottawa

Stockwell Day has not made a habit in his short career in federal politics of drawing parallels between himself and Jean Chrétien, or posing out lessons his Canadian Alliance might learn from the Prime Minister's Liberals. But last week, Day did both those things in the space of a few telling sentences. Asked at a news conference about Alliance enlightening over his leadership since the

Stockwell Day comes under increasing fire from members of his Alliance party



party's disappointing showing in the fall election, he observed that even Chrétien—the guy who was big-faced such questions just two days after the vote. This sort of rap-saying, Day said, is just "post and punt" of raising a party that he made a point of adding that at least the Liberals generally keep such squabbles behind closed doors, aside from the odd public flap-up between the Chrétien and Paul Martin camps. "They've learned over time to discuss those things in-house," Day said approvingly.

It's no wonder if Day casts an envious glance now and then over at the Liberals. When the House of Commons resumed sitting next week, a speech from the throne will lay out the agenda for a government over which Chrétien is the undisputed boss—even though Liberals are sharply divided over what broad direction he should set. Day, by contrast, must struggle to solidify his grip on the official Opposition. His failure to make an election breakthrough in Ontario last fall opened the floodgates to a steady flow of criticism inside the Alliance about the way he campaigned. To make matters much worse, the Alberta government disclosed last week that it had to spend \$792,064 to settle a defamation lawsuit filed against Day when he was still in provincial politics. This left the self-proclaimed champion of the company in an embarrassing position, and revived old questions about his judgment. "It took taxpayer money to settle what was an incredible lapse on Day's part," said University of Lethbridge political science professor Harold Jurewicz.

"He's got to try to move past it, but the damage is done."

The best way to contain that damage—and maybe the only way to close rifts—would be to prove he can make life hard for Chrétien. But whether Day has his party in shape to perform impressively in opposition is open to question. He has recently dumped several communications and key policy officials, and severed ties with the advertising agency the

Alliance used during the election. While these are not signs he won't be a serious contender enough to require at least a partial overhaul of his core team, some insiders say Day has not gone far enough. They argue that he has never really arrived at a rapprochement with party heavyweights who opposed him in last spring's leadership race—and now he badly needs their skills. Prominent on that list: strategist Rick Anderson, who supported former Reform leader Preston Manning over Day, and Ontario Tory backroom operative Tom Long, who ran for the top job himself.

Still, those watching for indications that Day can ease the party's internal strains take hope from his recent choice of Ian Todd, a longtime Manning aide and confidant, as his chief of staff. "I'm a very big fan of Ian," said Thompson MacDonald, a Manning loyalist from Calgary who sits on the Alliance's national council. "His appointment is clearly a comforting, bridge-building kind of move."

While Day may be willing to make changes, he is hardly in a contrite mood. Far from accepting the election result as an unadmitted defeat, he thrust off signs of progress at last week's news conference—from boasting the party's vote in the Atlantic provinces and Quebec, to naming new second-place finishes in Ontario ridings than Reform did in 1997. He seemed to blame any significant shortcomings in his campaign mainly on Chrétien's decision to call a snap fall vote instead of waiting, as was widely expected, until next spring. "I had been leader for 35 days when the election was called," Day



Day, Chrétien (opposite) questions about leadership and an Alberta lawsuit

said. "Jean Chrétien was politically smart to call a early."

As for the lawsuit, Day expressed deep regrets about the case to Alberta taxpayers, but not over what he did to incur them. He was sued by Larne Goddard, an Alberta lawyer and school trustee, over a letter to the office that Day, who was then an Alberta cabinet minister, wrote to the *Red Deer Advocate* in April, 1999. Day criticized Goddard for the way the lawyer demanded a pedophile account of poisoning child pornography. The out-of-court settlement reached on Dec. 22 was paid out of a provincial insurance fund that protects MLAs. From lawsuits that arise in the course of their work Goddard got just \$90,000 in damages, while \$255,000 went for his legal fees and other costs, \$474,000 to pay Day's lawyers, and \$2,900 to cover Alberta justice ministry legal costs. "I'm sorry the way it's turned out," Day allowed, al-

though he doggedly added that "the principles I addressed in the letter are very important principles." But Day appeared calmer about by Alberta Premier Ralph Klein's suggestion late in the week that he should have paid some of the bill.

One politician who might admire Day's combative, unapologetic style under pressure is Chrétien. Whether the issue of the day was his failure to make good on the 1993 promise to get rid of the GST, or any controversy from the human-assurance development spending debate to the way federal money has flowed into his own riding, Chrétien has been at best grudging in expressing regret. But then, Chrétien has sailed over the rough patches largely by giving his party what it most wants: repeated election victories. The difference between Day's struggles to bind together the Alliance and Chrétien's easier task in keeping Liberal internal squabbling to a minimum is as stark as the contrast between losing and winning.

Yet there is this similarity: both leaders will ensure to the House most preoccupied with managing their parties than squabbling each other. For Chrétien, the challenge is again to balance off the competing camps that have come to largely define his party. On one hand, the so-called economic wing wants more tax cuts and emphasis on fostering the high-tech economy. On the other, the so-called social Liberals want the focus on priorities like early-childhood development. MP John Goddard, who chairs the social caucus, points to "a tremendous disagreement" between the big tax reductions in Martin's fall economic update and the comparatively

scant spending so far on children's programs. But MP Terry Valleri, who chairs the caucus economic development committee, insists that Liberals "view the tax package to date as the least we can do, not the most."

How does Chrétien see it? His post-election meetings have sounded sympathetic to the social-policy camp. He has said Liberals are "preoccupied" with issues like child poverty and the problems of aboriginal communities. Liberal leaders predict a diverse speech that hits those themes, but also insists the government's intention to spur the growth of the west New Economy. What Liberal insiders are not predicting are any grand schemes from Chrétien, the past master of low-key, incremental government. Leave it to Day, who badly needs to give his troops new reason to fall into line behind him, to make the bold, risky gestures. ■



At least a decade behind bars

After seven years of uncertainty, the reality hit Robert Latimer with the finality of a prison gown clanging shut. The Supreme Court of Canada, in a unanimous 7 to 0 decision, ruled last week he must serve at least 10 years in prison for killing his severely disabled daughter in 1993. The court not only turned down his appeal for a new (in this case a third) trial, but also firmly rejected his lawyer's argument that the minimum sentence for second-degree murder—life imprisonment with no possibility of parole for at least 10 years—constituted "cruel and unusual punishment" in Latimer's extraordinary circumstances. Speaking to reporters outside his Wilket, Sask., farmhouse, an unrepentant Latimer struggled with emotions that surged from anger to bewilderment. "I'm going to jail," he said gleefully. Then, with his wife, Laura, he got in his station wagon and drove to Saskatoon to surrender to police.

But the issues surrounding the Latimer case are far from resolved. While the Supreme Court's unanimous ruling closed one door to his quest for legal



Latimer's last chances for earlier release appear slim

sanction for what he believes to have been an act of compassion, it also pointed in others. Acknowledging Latimer's anguish as he watched the suffering of his 12-year-old daughter, Tracy, before deciding to end her life, the court took the unusual step of leaving two options for relief. Latimer could ask the federal cabinet for a com-

passionate pardon under the rarely used royal prerogative of mercy. Or Parliament, if it chooses, could address the controversial issue of mandatory minimum sentences. Latimer "faced challenges of the sort most Canadians can only imagine," said the clearly sympathetic justices.

Latimer's lawyer, Mark Brydford, said he would seek a pardon for his client. But Latimer's best hope, although slim,

Leaving his farm to turn himself in: Tracy (below): "You going to jail?"

may be in a change of the law. Bruce Ryder, a professor at Osgoode Hall law school in Toronto, noted that clemency is rarely offered, and then only in cases involving a serious miscarriage of justice. The Supreme Court all but precluded that option, he added, by ruling that Latimer's sentence "is not grossly disproportionate." To Ryder, the real villain is mandatory sentences, which have the effect of treating Latimer the same as a person who held up a gun, strangled and killed the victim. "The law," he said, "must be changed to allow for compassionate homicide."

By all accounts, Latimer had been a loving father to Tracy, a quadriplegic who appeared to be in constant pain from a severe form of cerebral palsy. In October, 1993, after learning Tracy needed an operation to cut off the top of her right leg bones, Latimer ended her life by placing her in his Chevy pickup and filling it with carbon monoxide fumes. "This was a murder of love, not hate, for selfish reasons, not selfish," observed Alan Boonway of the Canadian Civil Liberties Association, who considers Latimer's sentence disproportionate to his deed.

But a group of advocates for the disabled who gathered at the Supreme Court were visibly relieved by the ruling. And the government offered Latimer little hope of early release. A spokeswoman for Justice Minister Anne McLellan said there were no plans

to create a third category of murder—beyond first- and second-degree—but so-called compassionate homicides. As for conditional pardons, citizens have granted only 16 of them in the past 30 years—out of 653 applications. Before turning himself in, Latimer seemed resigned to spending at least 10 years behind bars. "The politician," he said, "won't touch this with a 10-foot pole." Asked if he would do it again, he simply replied: "Yes."

Julian Belmont is in Ottawa.

Should Latimer be granted earlier parole? Is there just one way for him to leave? www.cbc.ca/latimer



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1. 4-wheel drive is available on 2001 Ford Escape. 2. 2001 Ford Escape V6. Always wear your seat belt. ©2000 Ford Motor Company. All rights reserved.

The great bus robbery

In a daring attack, three armed men robbed a *busload* of people heading for a night of gambling at Ontario's Casino Rama near Orillia, 115 km north of Toronto. The thieves, who boarded the bus posing as passengers, parol-whipped the bus driver and three passengers before escaping.

Child sex and a former MLA

Former Social Credit MLA George Kenner went on trial in B.C. Supreme Court on charges of trying to obtain the sexual services of a minor. Kenner had admitted that he agreed over the Internet to pay for sex with an 11-year-old girl. But his lawyer argued that because the transaction was a police sting on the Internet and the girl did not consent, Kenner, 63, is not guilty of a crime.

Sydney Steel woes

The Nova Scotia government pulled the plug on efforts to revive the ailing Sydney Steel company in Cape Breton. Economic Development Minister Gordon Baker told about 500 bitter steelworkers gathered at a union hall in Sydney that Dofasco, the Shaw-based company that considered buying the steel mill, pulled out of the deal because "it's untenable for them."

Turning to the right

Under a pilot project, drivers in 26 Quebec municipalities will be allowed to turn right on a red light. Quebec has been one of the few jurisdictions in North America that prohibit such turns. After a year, the transportation department will assess the program to decide whether to expand the change across the province.

A furor over gay marriage

Critics, including the Canadian Conference of Catholic Bishops, blasted Gov. Gen. Adrienne Clarkson's office for sending a congratulatory e-mail to a male couple married in a Jan. 14 church service. Clarkson's office said the message was a standard reply to an e-mail inviting the Governor General to the service. The wedding, a double ceremony with a lesbian couple, is intended to challenge Canada's ban on same-sex marriages.

Canada Notes

Money's new look

The Bank of Canada, which redesigned its bills every 35 years to foil counterfeiters, unveiled its new \$10 note. Other denominations will be released in the next two years. The \$50 bill's expiry has been replaced with a homage to Canadian veterans and peacekeepers.



Echoes of the Meech accord

Reactions were cool to a proposal by Quebec Liberal Leader Jean Charest to revisit the question of enshrining the concept of Quebec as a distinct society in the Constitution. While Charest did not use the controversial words that appeared in the ill-fated Meech Lake accord, which died in 1990, he did suggest that his home province's 'specificity' be recognized, acknowledging that such a move could mean pursuing the proposed changes to a national referendum. But Prime Minister Jean Chrétien, in Ottawa for a trade conference, said "there is not a

great desire on my part to discuss the Constitution at this time." He did, however, leave the door open for talks should Charest's Liberals come to power in the provincial election expected within two years.

Members of Quebec's governing Parti Québécois were scornful of Charest's suggestion—even as they began proceedings to pick a successor to outgoing Premier Lucien Bouchard. Deputy premier and Finance Minister Bernard Landry remains the unofficial front-runner, so more and more PQ cabinet ministers declared their support. As of last week, Landry had not yet stated his intentions, although some murmur he may declare his candidacy as early as this week.

No A's for Canada's drinking water

A report of last May's deadly E. coli outbreak in Walkerton, Ont., is precisely the inevitable, the Vancouver-based Sierra Legal Defence Fund warned in a province-by-province survey of drinking-water regulations. "In the absence of a comprehensive, cross-country approach to protecting drinking water, more tragedies almost certainly await us," reads *Waterproof Canada's Drinking Water Report Card*. Prince Edward Island received the lowest rating, an E, in part because it has no bonding requirements for treating or monitoring and freely discharges its water. Ontario, Quebec and Alberta received the highest grade, Bs. But, the environmental organization noted, without the sweeping changes Ontario imposed following the Walkerton disaster, which killed seven and made 2,300 ill, it would have earned a D.

A new president is inaugurated—but his political honeymoon is likely to be short

Bush Country

By Andrew Phillips in Washington

Much was familiar in George Walker Bush because the 43rd President of the United States, yet so much was different. The well-practiced rituals surrounding the transfer of power in Washington were carefully observed—the oath of office dating back to George Washington's first inauguration in 1789, the ceremony on the steps of the imposing Capitol building, the parade up Pennsylvania Avenue to the White House. And, of course, aspirational words from the newly minted President himself. Bush, to whom eloquence has long been a strength, rose to the occasion, promising to bring "civility, decency, compassion and character" to his office, and to "build a single nation of justice and opportunity."

These were the comforting words, but the contrast with earlier first beginnings was so easy to perceive. Inauguration day is traditionally a time for Americans to act aside—or at least pretend to act aside—their political divisions. Bush was greeted on such moments. Not since the Vietnam War brought tens of thousands into the streets of Washington to protest Richard Nixon's second inauguration in 1973 did a

new president face such open opposition on Day 1 of his term, and never in living memory were so many people questioning the very legitimacy of his election. Under cold, drizzly skies, thousands of protesters made it clear that the disputed outcome of the presidential contest will cast a long shadow over Bush's victory. The placards they carried spelled out their message: "Kang George—not elected," "Judicial coup," "And, of course, 'Hail to the thief!'"

The man he replaced also learned large over Bush's attempt at a new start. Outgoing presidents are supposed to step gracefully aside, offering their usual disclaimer for their successes and joining in the moment of national reconciliation. Bill Clinton, however, was true to form—dominating the stage to the last. In a farewell address to the nation, he in effect escorted Bush that a departure from his policies would endanger the prosperity of the 1990s. On inauguration eve, he struck a headline-grabbing deal that gave him immunity from prosecution in exchange for admitting that he gave false testimony about his relationship with Monica Lewinsky. And even as the airplane that would fly him and his

Bush takes the oath as daughter Jenna (center) and wife Laura look on; protesters

wife, the newly installed Senator Hillary Rodham Clinton, to New York City was warming up on the runway, he rolled leaders of his outgoing administration and all but announced his intention to be a continuing force in American politics. "I left the White House," he said, "but I'm still here."

In the days before Bush's inauguration, too, his opponents made it clear that they will use the modified election outcome to curb his power. For that, their chosen target was John Ashcroft, Bush's nominee as attorney general. For much of his work, Democrats and liberal activists accused Ashcroft of every sin imaginable in an attempt to block his nomination. He is, they charged, anti-women, anti-environment and anti-gay. He is not actually racist, at least not racially neutral. Aden Spitzer, a moderate Republican senator from Pennsylvania, pointed over the hearing room where Ashcroft's fate was being debated and said: "I should seem such intensity in more than a decade."

Ashcroft was on the hot list, but the real target was Bush himself. In fact, Ashcroft's critics made it clear that *few* these opposition to him remained directly from the disputed election outcome. Many black voters, in particular, felt they were effectively disenfranchised by discrimination and faulty voting procedures—and Ashcroft became the lightning rod for their frustration. Ashcroft, they charged, could not be trusted to enforce civil rights laws vigorously because he opposed a school desegregation plan in his home state of Missouri, blocked the appointment of a black judge to a federal court, and accepted an honorary degree from South Carolina Bob Jones University when it still forbade homosexual dating. "His actions are racist," charged Maxine Waters, a black Democratic congresswoman from California.

Others pointed on Ashcroft's evangelical religious beliefs and his long record of opposition to abortion and gay control to name attorney general, governor and senator from Missouri. In part, their opposition stemmed from the wide powers that a U.S. attorney-general carries. In Canada, his responsibilities would be divided among at least three departments: justice, interior general and immigration. With such sensitive issues under his supervision, liberals argued that Ashcroft would be able to act unilaterally. "When you

have been such a zealous and impassioned advocate for so long," New York Senator Charles Schumer noted last, "how do you just turn it off?"

Ashcroft himself fought back by promising to enforce all laws—even ones he disagrees with, such as a law requiring protection for women using federally funded abortion services. And, he said, he accepts the 1973 U.S. Supreme Court ruling giving women a constitutional right to abortion as "settled law." "I understand," he said, "that being attorney general means enforcing laws as they are written, not enforcing my own personal preferences." Those promises will most likely be enough to win him confirmation. All 50 Republican senators pledged to support him, and so many to 60 or 65 Democrats are expected to back him when the full Senate votes on his nomination.

They may not be able to block Ashcroft, but Bush's opponents wanted to make it clear to the new President that his tenuous electoral mandate does not give him the right to wander from what they consider the middle ground of American politics. The public polls show, may be on their side. A survey of voters for *The Washington Post* and *ABC News* last week found that only 41 per cent believe that Bush has a mandate to implement the policies he proposed during the campaign, while 52 per cent think he should compromise.

So far, though, Bush has said he intends to govern as he sees fit, with a clear margin—instead of leaving the overall popular vote to Al Gore and winning the electoral vote only after five weeks of legal wrangling in Florida. Asked by an interviewer what he says to those who argue he does not have a right to push his full agenda, Bush's answer was blunt: "Too bad." In his inaugural address, he made it clear he intends to press ahead with some of the more conservative parts of his program—in particular his promise to introduce an across-the-board tax cut amounting to \$1.3 trillion (U.S.) over 10 years.

It all seems to set an uncertain start for a new President already facing questions about his experience—and even his intelligence. To make matters worse, the economy is slowing so quickly that he has gone out of his way to advise his pessimism about its short-term prospects in a bid to blame the Clinton administration for a possible recession. And just as he takes office, images of power blackouts in California are taking off for public attention. It is an unhappy coincidence—and Bush critics have made it clear that his political honeymoon is over before it ever started. ■



George Bush with Clinton and Gore in the White House



Washington Andrew Phillips

No more touchy-feely

Raymond Chrétien, nephew of the Prime Minister, former ambassador to Washington and "Globe Canada" (a prod version of this very magazine only last July), was never shy about who ran Canada's relations with the United States on his watch. He did. By his account, the man who was foreign affairs minister during most of his tenure in Washington, Lloyd Austin, didn't have a big role in managing Canada's most important foreign relationship. "Frankly, Austin didn't have anything to do with it," he said one shortly before he left last fall for his new post in Paris.

That might have worked for Chrétien, with his uniquely personal pipeline to the top in Ottawa. But now there's a new man in charge at Canada's imposing embassy on Pennsylvania Avenue (career diplomat Michael Kerrin) and a new foreign minister in Ottawa (John Manley). Right off the bat, Manley made it clear that the United States is his top priority. Austin's "human security" agenda—causes like an international ban on land mines and the creation of an international criminal court—will evidently take a back seat. In their place will be the less glamorous work of sending to what he called this "transcendentally important relationship for us" (that would be the \$1 billion worth of trade that crosses the Canada-U.S. border every day).

Manley gets a chance to check it out for himself this week when he comes to Washington for a sit-down with George W. Bush's new secretary of state, the former general and current American national icon Colin Powell. It should be a good fit. If Manley is distancing himself from Austin's touchy-feely "soft power" thinking, the new administration is doing something quite similar.

The reason of Bush's foreign policy team such like a reunion of old pals from his father's administration. Powell, Dick Cheney, Condoleezza Rice, his choice as national security adviser, and Robert Zoellick, his nominee as trade representative. Add to that a version of the Ford administration's distinguished defense secretary Donald Rumsfeld. All have made it abundantly clear that they have little use for what they see as the key pillars of U.S. policy as practiced by Bill Clinton and Madeleine Albright. What has written (in the journal *Foreign Affairs*) that Clinton's foreign policy emphasized "values" rather than concrete U.S. "interests." Doing good in

the world is fine, she says, but it should be only a "second-order effect" of looking out for No. 1. Translations: don't expect the United States to intervene in any new Bosnia or Kosovo any time soon.

That's no surprise, and no problem for Canada. The larger concern that Manley might usefully explore with Powell this week is the new administration's evident reluctance to put much more in traditional U.S. allies or international organizations. Critics sometimes accuse Republicans of being "isolationist," but that misses the point. The United States, no matter who leads it, has too many interests in too many places to ever withdraw from the world. The question is whether it will act alone (unilaterally) or in cooperation with its friends (multilaterally).

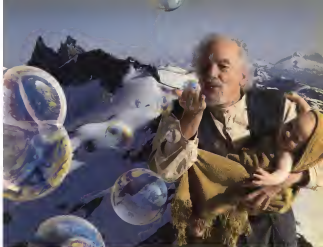
The war case for the Bush administration will be its most controversial foreign policy goal—national missile defense, or "Star Wars II" in its critics. The idea is to construct a shield against incoming missiles—something critics say will be extremely expensive (\$90 billion over 15 years), probably won't work, and threatens relations with Russia and China, not to mention skeptical U.S. allies. John Chrétien even denounced the idea while standing beside Russian President Vladimir Putin in Ottawa last month, so the distinct displeasure of the Americans. But NMD, as the idea is known, is an article of faith among Republicans, and Bush states that he's strongly for it.

The confusion comes when you try to figure out exactly what Bush intends to do about it. Rumsfeld made it clear that he wants to go full speed ahead with NMD, even if that risks upsetting the nuclear balance. Powell, though, took a much more nuanced view when senators questioned him (very politely) about his new job. Missile defense, if necessary, he seemed to be saying, but not necessarily missile defense. At the same time, he would be consistent: opposition would be considered. And the United States, he said, "will not withdraw into a fortress of protection or island of isolationism."

The bottom line: even in their little time in their new offices, Bush's new team is already struggling over which direction to take. Canada should hope that Powell gets the upper hand—and resist the temptation to think the Americans too obviously at two publicly.



Powell: a good fit for Manley



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Hope dwindles for the missing victims

The search continued for survivors in Santa Tecla, 12 km from San Salvador, after an earthquake measuring 7.6 on the Richter scale shook El Salvador around noon on Jan. 13. The quake, which caused \$1.5 billion in damages, killed nearly 700 people, destroyed 31,000 homes and left 45,000 families homeless.

A new president for the Philippines

She is almost everything he wants: Gloria Macapagal Arroyo is small, female, university-educated, a political blueblood and an avowed reformer. The man she replaced as president of the Philippines, Joseph Estrada, is an aspiring boxer, action-movie star, financier for his malapropisms—and now, corruption. Macapagal Arroyo, 55, the daughter of a former president, moved up from vice-president (she was elected from a separate ticket) after Estrada bowed to the throning in

Makila's arena demanding his ouster.

The public was outraged when Estrada's impeachment trial in the Senate collapsed. A slight majority of senators, loyal to Estrada, voted to keep sealed bank records that prosecutors said would show he had received \$90 million while in office. The prosecution team resigned, and Estrada's defense secretary and military chief soon deserted him. Ballots were tossed by Corason Aquino, the Philippines' first woman president who overthrew dictator Ferdinand Marcos in 1986, and Fidel Ramos, Estrada's straight-across predecessor whose Macapagal Arroyo once chaired assemblies.

Congolese president confirmed dead

After two days of conflicting reports, Congolese officials confirmed that President Laurent Kabila died of wounds sustained in a gun battle with one of his own bodyguards at the presidential palace in Kinshasa on Jan. 16. Kabila, who disposed longtime dictator Mobutu Sese Sese in 1997, had been fighting a civil war since 1998, when forces backed by his former allies, Rwanda and Uganda, turned against him. The war has left more than 2.2 million people homeless. Kabila's son, Joseph, has been named president.

A transatlantic tug of war

Two girls born six months ago in St. Louis became the object of a later international custody battle. Vickie and Richard Allen of San Bernardino, Calif., paid an Internet adoption agency \$9,000 to adopt the twins, named Kian and Keyan at birth. But two months later, birth mother Trudi Wedder, a 28-year-old receptionist who had three other children and a troubled marriage, took them back temporarily on a pretext, then had them placed again, this time with British couple Judith and Alan Kilshaw, for \$18,000. The girls, named Kimberley and Belinda, are now in the care of British social services.

Jesse Jackson's love child

Rev. Jesse Jackson, the 59-year-old civil-rights leader who counseled Bill Clinton during his 1998 White House sex scandal with Monica Lewinsky, admitted to having an extramarital affair resulting in the birth of a daughter 20 months ago. The baby, born to former Jackson aide Karin Stanford, 39, lives with her mother in Los Angeles. Jackson, who is married with five grown children, is paying \$4,500 a month in child support.

Palestinian TV chief shot

Hisham Mikki, 54, director of the Palestinian Broadcasting Corp., was shot and killed by three masked gunmen at a restaurant in the Gaza Strip. The Palestinian group al-Aqsa Martyrs Brigade claimed responsibility for the murder as part of its anti-corruption campaign. Mikki, who was notorious for extravagance, owned luxury cars and numerous properties.

Concorde flies again

An Air France Concorde got work off from Paris on a 50-minute test flight aimed at restoring the aircraft's grounded fleet of inspection photos to service. It was the first Paris takeoff since an Air France Concorde crashed near a hotel outside Charles de Gaulle airport on July 25, killing all 109 people onboard and four people on the ground. British Airways grounded its Concorde in August. The British hope flights may resume by spring.

THE WALL STREET JOURNAL

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The Best & Worst MUTUAL FUNDS

Amid careening markets, Canadians are flooding back into mutual funds. So where should they put their money?

By Katherine Mackinnon

Canadian investors have come a long way over the decade since they began investing, big-time, in mutual funds. Against a backdrop of falling interest rates, they moved millions of money into those grand pools of stock-buying power, many of which were held in registered retirement savings plans. Today, the mutual fund industry in Canada manages approximately \$540 billion in assets, up from \$59 billion in 1992, and the industry's leaders calculate that 80 to 85 per cent of Canadians who can afford them own ones. What's striking, though, is the amount of confusion and plain-old lack of un-

derstanding surrounding mutual funds. Canadians may have come a long way in their mechanistic embrace of the product, but with many investors expecting their holdings to support them in retirement, they still have lots to learn.

This became instantly apparent in 2000. As markets tumbled and interest rates of double-digit money returns were dashed, and forecasts, at least of the paper variety, floundered. In the words of industry spokesman Tim Hodan, last year was a "mucky check." What was not in January definitely was not in December, as bear-flaunted by the widely divergent close to a spectacular three-year run by science

Watching financial screens in Toronto: a reality check for investors

and technology funds. "The year was almost a graduate course in the electric shock that you can get from the market," says Hodan, president of the Investment Funds Institute of Canada (IFIC).

It was just a year ago that tech stocks were still in a supposedly endless climbing mode, the economy on both sides of the border was booming, and the discussion among many experts—too many—was not about when the mid would come but whether the world had entered a new phase of eternal growth in defiance of past booms and bust cycles. Then, late spring, technology stocks hit the first dramatic dip in what turned out to be a true roller-coaster ride, as measured by the Nasdaq composite index—up 16 per cent in February, an all-time high on March 10, then down nine per cent in April and another 16 in May back up 11 in June, down in July and up 14 again in August. And through the summer, the Nasdaq was a disaster, down, down, down every month to close the year worth 40-per-cent less than at the beginning. The broader equities market, as measured in Canada by the Toronto Stock Exchange 300 composite index, took its lumps a bit later in the game—and they were not so dramatic. Other than slight dips in April and May, the TSE 300 showed positive growth until September, when it dropped 7.6 per cent and, under the influence of such in general and Nortel Networks Corp. in particular, continued falling until its slight 1.5-per-cent bounce in December. Sell-off over the year, the index showed a 7.4-per-cent gain.

In a market marked by volatility, there were some pleasant surprises. At the beginning of 2000, who would have thought that the languishing stock prices of bonds and other financial firms would shoot up and make funds specializing in Canadian financial services the year's best-performing subcategory, with average returns for 2000 of 36.6 per cent? That compares with an average loss of 11.9 per cent for science and technology funds for the year. Another highlight was the performance of Canadian stock funds relative to the U.S. version. The average Canadian equity fund, holding stocks with diversified market capitalizations, had a return for the year of 10.1 per cent, while the average U.S. equity fund fell 4.6 per cent.

Of course, in every fund prospectus, past performance is no guarantee of future returns. Understanding

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What the rankings mean

THREE-YEAR ANNUAL COMPOUND RETURN
Annual compound return over three years to Dec. 31, 2000

RISK-ADJUSTED THREE-YEAR RETURN

A ratio that measures return against the degree of risk. The number is arrived at by subtracting the amount of money an investor would have made over three years by investing in 90-day Treasury bills

(which are risk-free) from the fund's three-year compound return. The result is then divided by its standard deviation—a measure of volatility. The higher the final number, the greater the return for the amount of risk.

AVERAGE ONE-TO-FIVE-YEAR ANNUAL RETURN

The average of the returns in each of the past five years. Shows which funds performed best, in the medium term.

AVAILABILITY: Some funds are restricted to certain provinces or certain professional groups, or have minimum deposits.

CANADIAN EQUITY

Funds that invest in shares of Canadian companies (3 years: 150 funds, 5 years: 96 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10	
Spring City Momentum	28.7
AIM Canadian Frontier	22.0
MCInvestment Investment Trust	21.5
True Growth Canadian Equity	20.8
AIM Canadian First Class	19.0
Spring City Growth	18.2
Investors Service	17.8
Acuity Pooled Canadian Equity	16.7
ADF Canadian Stock	16.4
Windsor Universal Future	16

BOTTOM 6	
Global Strategic Canada Growth	1.3
True Canada Value	0.3
Windsor Industrial Growth	-0.8
CIBC 100 Analysis	-2.3
University Avenue Canadian	-18.1

RISK-ADJUSTED 3-YEAR RETURN

TOP 10	
MCInvestment Investment Trust	5.42
Spring City Momentum	3.88
AIM Canadian First Class	2.66
AIM Canadian Frontier	2.36
Investors Service	2.23
Northwest Growth	1.94
ADF Canadian Stock	1.81
Finley's True North	1.68
Pratt Canadian Equity	1.63
Spring City Growth II	1.61

BOTTOM 6	
Index Canadian Stock	0.88
Global Strategic Canada Growth	1.46
Windsor Industrial Growth	0.93
University Avenue Canadian	0.39
CIBC 100 Analysis	0.86

AVERAGE 1-TO-5-YEAR ANNUAL RETURN

TOP 10	
Acuity Pooled Canadian Equity	28.7
MC Diversified Growth	26.7
MC Advantage	26.6
True Growth Canadian Equity	25.3
Investors Service	22.7
Cooperative Canadian Growth, P. No.	20.8
AIM Canadian Frontier	20.5
True Growth	20.2
Acuity Canadian Equity	19
AIM Canadian First Class	18.6

BOTTOM 5	
Industrial Alliance P Stock II	2.1
Dynamic Focus Plus Canadian	1.8
Index Canadian Stock	0.3
Windsor Industrial Growth	0.8
University Avenue Canadian	0.5

THE YEAR'S WINNERS—AND LOSERS

Biggest gains and losers in 2000 among all funds

TOP 10 WINNERS

FUND	TYPE	PERFORMANCE
Teknor Global Health Care	Science & Technology	+132.4%
Revenue Growth	Govt. Small & Mid-Cap Equity	+76.2
Sea Capital Venture	Science & Technology	+73.2
Alcatraz Health Sciences	Science & Technology	+70.1
Frontier Toronto Equity Equity S&P	Specialty	+63.3
CMO Financial Companies	Specialty	+62.3
First Trust Health Management ST	Specialty	+62.2
TD Health Science	Science & Technology	+54.1
TD Health Science SP	Science & Technology	+54
Dynamic Health Management	Specialty	+42.3

TOP 10 LOSERS

FUND	TYPE	PERFORMANCE
First Trust S&P Internet Index SP	Science & Technology	-65.2%
CSI Strategic Growth	Govt. Small & Mid-Cap Equity	-61.3
AIM Profits Growth Green	Aggressive Bond Equity	-49.2
CSA Pacific Bonds (MBS)	Govt. Small & Mid-Cap Equity	-49
AMP Index	Specialty	-48.9

There's been an attitudinal shift to equities by investors, says Bederman. "They believe in it."

market conditions a critical for investors, but so is the ability to compare a mutual fund's longer-term performance against that of its peers. This anchors the thinking behind the annual *Money* fund rankings, which are compiled by Morningstar Research Inc., a Toronto-based investment research company owned by Morningstar Inc. of Chicago. The tables offer the best and worst funds in eight selected categories based on three important measures: annual compound return over three years, risk-adjusted return over three years and average annual return in each of the past five years. Just for fun—our advice—there's also a table showing the winners and losers based only on last year's performance.

The tables show returns after deducting all management fees (but not sales commissions, if applicable) and are based on total returns, including dividends, to Dec. 31, 2000. Funds that have existed for less than three years are not included. The report also includes the Hot 100 mutual funds, an exclusive best-of-class listing based on a more detailed Morningstar rating system that takes into account past performance, volatility and consistency over three years. The funds that scored highest are not always the ones that have earned the highest returns. Instead, they have tended to produce returns significantly above the average on a consistent basis given the amount of risk they took with unorthodox money.

Longer-term returns often tell a different tale than occur

ones. Take those once-mane science and technology funds. While hampered in the second half of the year's closing, on average, 24.9 per cent of their value, they had showed highly respectable three-year returns of 23.2 per cent (that's a compound annual return), making these funds the best performers over the three-year period. The top-to-tech fund on *Money*'s table, Alcatraz Science & Technology, showed a three-year return of 61.4 per cent, even including in loss of 33.5 per cent in the last six months of 2000. It was also the best three-year performer across all the *Money* tables.

Investors usually respond to the market's vagaries after a slight lag, says Earl Bederman, president of investment economics Inc., a Toronto-based financial-institution consulting firm that tracks the flow of money in and out of mutual funds. His figures show a slight tilt in favour of more conservative investing towards the end of last year. During the first 10

CANADIAN LARGE CAP

Funds that invest in large Canadian corporations (3 years: 63 funds, 5 years: 44 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10	PERFORMANCE
EMF Global Blue Chip	29.9
Alcatraz Central Growth	28.8
EMF Global Blue Chip	28.3
CSA Canadian Stock (Atlantic)	27.4
Northern Bank Canadian Index	26.4
Canwest Canadian Equity	25.3
Quebec Professionalism Co-Equity	24.9
NSA Equity	24.9
Dynamic Power Canadian Growth	24.7
NSAC Equity	23.2

BOTTOM 6	PERFORMANCE
Charles Pioneer Blue Chip	9.6
Quebec Equity	9.2
CS Canadian Equity	-6.7
Northern Life Equity	-8.3
Calvert Canada	-9.5

RISK-ADJUSTED 3-YEAR RETURN

TOP 10	PERFORMANCE
EMF Global Blue Chip	2.8
EMF Global Blue Chip	2.6
Canwest Canadian Equity	2.3
CSA Canadian Stock (Atlantic)	2.2
Quebec Professionalism Co-Equity	2.1
NSA Equity	1.8
Northern Bank Canadian Index	1.7
Alcatraz Central Growth	1.7
EMF Europe Equity	1.7
Quebec Canadian Equity	1.4

BOTTOM 6	PERFORMANCE
AIM Bonded Canadian Co-Equity	-4.3
Quebec Equity	-4.3
CS Canadian Equity	-5.6
Calvert Canada	-5.6
Northern Life Equity	-5.8

AVERAGE 3.5-YEAR ANNUAL RETURN

TOP 10	PERFORMANCE
EMF Global Blue Chip	29.9
NSA Equity	28.8
EMF Global Blue Chip	28.3
NSAC Equity	27.9
McLean Bond Canadian Equity Growth	27.7
NSAC Equity	27.3
Quebec Professionalism Co-Equity	27.2
Quebec Professionalism Co-Equity	26.7
Canwest Canadian Equity	26.3
Quebec Canadian Equity	26.3

BOTTOM 5	PERFORMANCE
Investment Co-Equity	3.5
EMF Global Growth & M	3.8
CS Canadian Equity	3.7
CS Canadian Equity	3
Calvert Canada	2

CANADIAN SMALL CAP

Funds that invest in shares of small and midsize Canadian firms (3 years: 83 funds, 5 years: 50 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10	PERFORMANCE
CMC Canadian Small Companies	29
Revenue Growth	26.3
EMF Mid Cap Canada (R)	24
EMF Mid Cap Canada (R)	23.7
CSA Special Equity (MBS)	23.4
Ontario Teachers Growth	18
Revenue Growth	17
YMS Emerging Companies	16.4
McLean Bond Canadian Equity	16.4
McLean Bond Canadian Equity	16.4

BOTTOM 6	PERFORMANCE
CMC Mid Cap	21.2
Northern Life Aggressive Growth	-21.4
Global Strategic Co Small Cap	-24.9
Canwest Special Equity	-25.3
Canwest Special Equity	-25.3

RISK-ADJUSTED 3-YEAR RETURN

TOP 10	PERFORMANCE
CMC Canadian Small Companies	9.2
Revenue Growth	2.3
Northern Bank Canadian Equity	2.3
McLean Bond Canadian Equity	2.3
Ontario Teachers Growth	2.2
EMF Mid Cap Canada (R)	2.1
EMF Mid Cap Canada (R)	2.1
CSA Special Equity (MBS)	1.8
Revenue Growth	1.7
Revenue Growth	1.6

BOTTOM 6	PERFORMANCE
COTE 300 EXP	2.42
COTE 300 EXP	2.42
Global Strategic Co Small Cap	2.47
AIM Canadian Equity	4.61
AIM Canadian Equity	4.61

AVERAGE 3.5-YEAR ANNUAL RETURN

TOP 10	PERFORMANCE
Revenue Growth	27.9
CSA Special Equity (MBS)	26.7
YMS Emerging Companies	23.2
YMS Growth	23.4
McLean Bond Small Cap	23.4
Canwest Special Equity	23.4
Charles HFF Growth	23.4
Buettner Canadian Small Cap	18.9
CMC Canadian Small Companies	18.2
Priority Canadian Equity	18.2

BOTTOM 5	PERFORMANCE
AIM Canadian Equity	-2.3
Northern Life Aggressive Growth	-4.7
Canwest Special Equity	-4.7
Canwest Special Equity	-4.7
Canwest Special Equity	-4.7



Alcatraz: the fund manager of the year is still bullish on stocks for the long term

months of 2000, \$5 billion exited Canadian money-market funds—which are little different from bank-account cash—but \$1.5 billion went back in November and December. Bederman says people still believe in equities, including tech. In 2000, \$11.3 billion flowed into science and technology funds, with \$3.4 billion of that coming in the second half of the year. There's been an attitudinal shift among investors in favour of investing in equities, Bederman says. "They believe in it," he says. "They're out of that patch."

In Answorth, named in December by his peers as fund manager of the year for the second year running, is among the believers. Answorth is a managing director for equities at Toronto-based fund giant Alcatraz Investment Services Inc., overseeing the Alcatraz Science and Technology fund, among others. Even though he watched the company's massive \$1.6-billion Alcatraz equity fund lose 14.4 per cent in value in the last three months of 2000, he insists market conditions in the long term are ideal for equities. He expects inflation will stay at a low level, contributing to moderate global growth. The current slowdown, he argues, is simply one (as defined by the winners and the losers in the marketplace). It would be folly to stay away because, he says, "the fundamentals are too good."

Partly in response to the murky check-

CANADIAN BOND

Funds that invest in bonds and other fixed-income securities (3 years: 126 funds, 5 years: 97 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10	PERFORMANCE
TD Real Return Bond	6.7
Acuity Preferred Fixed Income	6.0
TD Cdn Bond	5.2
Quebecian Canadian Bond	5.2
EMF Income B (Mackenzie)	5.1
Westbury Canadian Life B	4.9
First Bond	4.8
EMF Income B (Mackenzie)	4.8
Quebecian Canadian Bond	4.8
Quebecian Life Segregated Account	4.8

BOTTOM 6	PERFORMANCE
Quebecian Canadian Bond	2.4
AIM Canadian Bond	2.4
Northern Equity High-Yield Bond	2.9
Purolit Canadian Bond	3.2
Terra Canada Bond	3.8

RISK-ADJUSTED 3-YEAR RETURN

TOP 10	PERFORMANCE
TD Real Return Bond	3.69
Alcatraz Canadian Bond	3.25
TD Cdn Bond	3.15
CMO Bond	3.10
Acuity Preferred Fixed Income	3.05
Westbury Canadian Life B	2.95
EMF Income B (Mackenzie)	2.95
Quebecian Canadian Bond	2.95
Quebecian Life Segregated Account	2.95
Bonded Canadian Income	2.95

BOTTOM 5

Quebecian Canadian Bond	-3.38
AIM Canadian Bond	-3.38
Northern Equity High-Yield Bond	-3.38
Purolit Canadian Bond	-3.38
Terra Canada Bond	-3.38

AVERAGE 3.5-YEAR ANNUAL RETURN

TOP 10	PERFORMANCE
Acuity Preferred Fixed Income	10.5
Quebecian Canadian Bond	8.3
TD Cdn Bond	8.3
TD Real Return Bond	8.2
Quebecian Canadian Bond	7.8
Westbury Canadian Life B	7.8
Bonded Canadian Income	7.8
First Bond	7.3
Equity Life Seg Account	7.3
Quebecian Life Seg Account	7.3

BOTTOM 6

MLI Priority Co-Bond GP	2.4
Terra-Canada Bond	2.4
Northern Life Co-Bond GP	2.2
MLI AOP Co-Bond GP	2.2
NTRN Obligations	2.2

Don't hesitate to ask for professional advice, says the Royal Bank's Vince. 'Do you cut your own hair?'

that came with last year's turbulence, investors turned back to mutual funds, probably in a collective effort to put the hat in the professional money managers. For the first time since 1997, says the Investment Funds Institute, the amount of new money invested in funds, at \$22.8 billion in 2000, was up over the previous year, which rang in sales of \$17.7 billion.

It's believed that much of last year's boost in fund sales came from investors doing it themselves who were returning to the fold. The terrific buoyancy of the markets in 1999 lured many investors to try their own hand



at stock picking. Some didn't like the manager-expert career that goes with mutual funds. Others thought they'd get even higher returns by investing directly. Still others wanted to take a more active role in managing their own affairs. For much of 1999, especially in tech stocks, it was hard to go wrong—virtually

all the dot-coms were flying. But the end of the tale is already well told, and in many cases it won't pretty.

Steve Burke, a 50-year-old entrepreneur and father of two daughters living in Toronto, is a longtime investor who says he learned the hard way in an earlier recession that investing is best left to the pros. In the late 1970s and early '80s, he managed



Milliken: 'play with my money as long as I get some return'

his own portfolio, and now his \$250,000 account plummeted to less than \$100,000. "It was horrible," Burke says. He now relies on an investment adviser and says his portfolio, worth about \$500,000, is 95 per cent invested in mutual funds.

The lesson Burke learned so many years ago is repeated over and over again. Get an adviser. Make a financial plan. Know what you want, and know the level of risk you can tolerate. Understand that high returns mean high risk, which, translated, really means potentially huge losses and many sleepless nights. People shouldn't hesitate to ask for professional advice, says Brenda Vince, chief operating officer of the Royal Bank of Canada's mutual funds business. "Do you cut your own hair?" she asks. The IFIC's Hodson says people have realized investing is not an easy task. It "isn't laundry," he adds.

For Marion Milliken, a 59-year-old account manager in Montreal who saves diligently for her retirement, the

U.S. EQUITY

Funds that invest in shares of U.S. companies (3 years: 113 funds; 5 years: 76 funds)

5-YEAR ANNUAL COMPOUND RETURN

TOP 10	
Jensen American Equity	30.9
Virtu American Stock 1	29.6
Virtu American Stock 2	27.6
SPV American Equity	26.7
Spectra International Growth	26.6
CSA US Equity (RBC)	25.9
Tronds de Croissance Select	22.3
AIC American Advantage	20.8
Intestual Alliance US Stock	18.4
AIF American Growth Class	18.3

BOTTOM 5	
AIC International	-1.3
All Points Index US Bear S&P	-3.2
Global Canadian American Equity	-3.1
Virtu US Equity Value	-6.6
Overseas US Equity	-15.5

NON-ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
Virtu American Stock 1	4.81
Virtu American Stock 2	4.63
Jensen American Equity	3.93
Tronds de Croissance Select	3.64
CSA US Equity (RBC)	3.06
SPV American Equity	3
North Growth US Equity	2.50
Assurance Life US Equity	2.35
AIC American Advantage	2.35
Intestual Alliance US Stock	2.20

BOTTOM 5	
AIC International	-1.16
All Points Index US Bear S&P	-1.50
Global Canadian American Equity	-1.86
Virtu US Equity Value	-2.92
Overseas US Equity	-2.94

ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
Jensen American Equity	34.7
All Points Index US General Inv	30.8
SPV American Equity	27.3
Spectra International Growth	26.9
WUS Large Cap Growth	26.2
Cambridge American Growth	24.7
Tronds de Croissance Select	26.8
Ontario North American Equity	24.5
Virtu American Stock 1	24.3
AIF American Growth Class	23.5

BOTTOM 5	
First Trust GEA Target 10 Yr	3.6
Dynamic Focus Plus American	3
AFIC American Advantage	-5.9
Virtu US Equity Value	-6.1
All Points Index US Bear S&P	-7.3

GLOBAL EQUITY

Funds that invest in companies anywhere in the world (3 years: 99 funds; 5 years: 64 funds)

5-YEAR ANNUAL COMPOUND RETURN

TOP 10	
SPV Global	26.8
North American Global Equity	27
AGF Aggressive Global Stock	23.9
CI Signature Global Small Company	22.8
WCI International Value	22.8
North Lynch Select Global Value	22.1
Horizon Global Small Company	20.6
Cambridge Global Small Cap	20.4
Intestual Alliance World	19.7
Jensen Global Equity	18.8

BOTTOM 5	
AGF World Equity Class	3.8
Macquarie Global World Value	2.8
North American Global Equity	2.3
Overseas Global Equity	2.1
Intestual Alliance Global	1.8

NON-ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
SPV Global	3.88
AGF International Value	3.58
North American Global Equity	2.87
WCI American Global Equity	2.75
SPV Global Small Company	2.74
CI Global	2.67
North Growth	2.40
Atlantic Global Small Company	2.40
Intestual Global	2.42
Spectra Global Growth	2.36

BOTTOM 5	
AGF World Equity Class	-0.16
Overseas Global Equity	-0.16
Macquarie Global World Value	-0.82
North American Global Equity	-0.82
Virtu Global Equity Value	-0.84

ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
SPV Global	28.5
CI Signature Global Small Cap	30
AGF Aggressive Global Stock	32.3
WCI International Value	32.7
North American Global Equity	30.1
North Lynch Select Global Value	30.6
Horizon Global Small Company	30.4
Spectra Global Growth	30.2
SPV Global Equity	30.2
CI Global	30.2

BOTTOM 5	
Virtu Global Equity Value	3.5
CI Global Value Segregated	3.5
Atlantic Global Small Cap	3.3
Macquarie Global World Value	3.4
Cambridge Global	-4.1

hostility is augmented by a sense of bewilderment with the mutual fund industry. Canada now has more than 3,000 funds, and the number grows by the day—along with the sophistication and complexity of the products offered. In 1992, the first year Bell Canada Inc. was Morningstar's preferred company in Canada, compared in industry data, there were roughly 50 funds available in Canada, and most of them were of the golden-vanity type. Today's offerings are much more financially there are sector-specific funds—previous funds, for instance, there are funds defined by the type of holding, such as dividend funds; there are large cap and small cap funds, reflecting capitalization; and there are equity funds, high-yield bond funds and balanced funds, the last a mix of the previous two.

There are funds focused on regions of the world combined with types of holdings—five, for instance, Indian equity funds, which was Morningstar's worst-ranked subgroup. And then there are down funds, a recent innovation that's proving highly popular. These allow Canadians the benefit of investing outside Canada while still respecting the limits set by Ottawa on foreign investment eligibility for RRSPs (which rose to 30 per cent on Jan. 1).

The success of the mutual fund industry has spawned another insurance companies now offer segregated funds, which look like mutual funds but are wrapped around insurance policies. Popular for their taxpayers, these are the exchange-traded funds (page 40), which track market indexes. Milliken says that she's somewhat disenchanted with the industry. "I call my broker," she says. "I tell him, 'You know how I am. I am unsure. So play with my money as long as I get some return with it.'"

Milliken, despite her disavowal, has nailed one of the key lessons of investing—the knows what she needs to feel comfortable. By telling her broker she is unsure, she's telling him she is a conservative investor. He's then obliged to invest her money cautiously and avoid volatile stocks and regions. Many people take a lot of time to find out about stocks, says Ed Leggett,

CANADIAN BALANCED

Funds that invest portfolios of stocks and bonds (3 years: 177 funds; 5 years: 114 funds)

5-YEAR ANNUAL COMPOUND RETURN

TOP 10	
Transamerica Balanced International Growth	18.3
Transamerica Growth-Ethical Balanced	18.4
AIC Canadian Balanced	17.9
CSGWB Realtime	17.9
Macquarie Canada Plus	17.4
Strategic World Balanced Value FIF	17.3
IRIQ	17.2
Intestual Canadian Balanced	16.6
CSA Balanced (RBC)	16.5
APIC Balanced (WSP)	15.8

BOTTOM 5	
Avicla Balanced	1.8
Refined US Balanced	1.8
Globalview Balanced	-0.8
Monetta Mutual	-5.3
Cambridge Balanced	-9.1

NON-ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
CSGWB Realtime	2.88
AIC Canadian Balanced	2.83
Cambridge Canadian Income	2.46
Cambridge Canadian Income	2.46
Virtu Diversified 1	2.42
North Lynch Select Ethical Balanced	2.36
Strategic World Balanced Value FIF	2.35
OSG Balanced (RBC)	1.95
Transamerica Growth-Ethical Balanced	1.94
Transamerica International Growth	1.84

BOTTOM 5	
AGF Canadian High Income	3.30
Refined US Balanced	1.46
Monetta Mutual	-0.8
AGF US High Income GF	-0.8
Cambridge Balanced	-9.1

ADJUSTED 3-YEAR ANNUAL RETURN

TOP 10	
Transamerica Balanced International Growth	17.8
Transamerica Growth-Ethical Balanced	17.1
IRIQ Investment	16.1
Acuity Power Ethical Balanced Investment	15.5
AIC Canadian Balanced	14.9
Macquarie International Portfolio	14.6
Macquarie Canada Plus	13.9
Macquarie US Growth and Income	13.4
Cambridge Balanced Trust	13.4
Macquarie Balanced Growth	13.3

BOTTOM 5	
AGF US High Income GF	1.8
AGF US Balanced	0.5
Intestual Alliance US Diversified 2	-0.3
Monetta Mutual	-0.9
Cambridge Balanced	-9.1

'There's more to evaluating a fund than just looking at performance'

president and CEO of BMO Mutual Funds. "But what they really need is to find out more about themselves."

One way to do that is with a financial planner. Hodkin says even he finally called a planner two years ago. Among a myriad of questions about his assets, debts and obligations, the planner asked Hodkin if his two daughters were married. Had he made provision for that, she wanted to know. Based on an investor's age, obligations and income, a planner can help determine one's level of risk tolerance. The next step is to look at a fund's past returns—plus its cost and its holdings. "There's more to evaluating a fund than just looking at performance," says Scott Mackenzie, president of Morningstar Research Investors, he says, should ensure that the fund they're investing in contains the assets they want. The other important element is the allocation mix of the investor's portfolio. A player who has a low tolerance for risk still might hold some

risky technology stocks, the experts say, as long as it is a small portion of his or her portfolio and is buffered by safer, more stable holdings, such as money-market funds.

Before investors begin to figure out the best mix, they need to home in on some of the basics. What do the different types of funds mean? How much risk is associated with each one? For much of the investing public, these are still questions. An Ipsos Reid survey conducted last November for the Royal Bank found that 40 per cent of Canadian mutual fund holders didn't know what type of fund they held. "While most

HOW THEY MADE OUT

Average fund return in 2000 by standard industry category*



*not all categories shown

than half of the Canadians polled (all adults, with the study weighted to mirror the census) planned to contribute to an RRSP for the 2000 tax year and many of them intend to put their money in a mutual fund, 40 per cent also didn't know what type of fund to buy. "They're probably embarrassed," says the Royal Bank. "They can be very sophisticated people."

One reason for the lack of understanding about investments is that a whole generation grew up believing their investment needs would be provided for, Hodkin says. "We've gone from a dependence on the employer and the state to a do-it-yourself society," he says. "We're just at that time in history where the shift is occurring."

If investors are lucky, the markets will be less rocky, more grade than And maybe that steep learning curve will smooth out a bit, too.

With Brenda Russell in Montreal

SCIENCE AND TECHNOLOGY

Funds that invest in companies involved in some aspect of science and technology (3 year: 30 funds; 5 year: 8 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10

Alomex Science & Technology	61.4
Teknow Global Science & Tech	38.9
Tech Capital Partners	49.3
CIBC Global Technology	45.2
Teknow Global Health Care	45.1
CI Global Telecom Sector	44.2
AIM Global Technology	42.8
Stratigolife's Life Technology	34.9
First Trust North American Technology 37	32.6
Scannexia-Genevix US Tech Dist. Index	31.9

BOTTOM 5

Teknow Discovery	29.7
CI Global Health Sciences	17.9
AIM Global Health Sciences Class	11.4
Barwell Life Care Advanced Tech	4.7
Acuity Perked Enhancement, Science & Tech	4.7

RENAVIGATED 3-YEAR RETURN

TOP 10

Teknow Global Health Care	1.62
Alomex Science & Technology	4.25
Teknow Global Science & Tech	4.2
First Trust Pharmaceutical 37	4.03
Fidelity Focus Health Care	6
CI Global Telecom Sector	2.66
CIBC Global Technology	3.87
CI Global Health Sciences	3.28
BMO Global Science & Tech	2.06
AIM Global Technology	3

BOTTOM 5

CI Global Technology Sector	1.86
Teknow Discovery	1.24
AIM Global Health Sciences Class	0.78
Acuity Perked Enhancement, Science & Tech	-0.00
Barwell Life Care Advanced Tech	-0.94

AVERAGE 3-5 YEAR ANNUAL RETURN

TOP 5

Alomex Science & Technology	52.7
CIBC Global Technology	46.9
Scannexia-Genevix US Tech	36.3
TE Science & Technology	35.1
AIM Global Telecom Class	34.3
Barwell Life Science & Technology	34.1
AIM Global Health Sciences	32.8
Acuity Perked Enhancement, Science & Tech	32.2

*Note: only eight Canadian funds in the science and technology category have a five-year history



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2001: It Could Soon Turn Ugly

Avoid the dark clouds gathering over the Canadian and global economies, three Toronto-based financial experts met at Maclean's headquarters to discuss investment strategies for the coming year. They were Jeffrey Klotz, chief economist for CIBC World Markets, Wendy Bradshaw, president of Goodmans Institutional Investments, and Eric Klotz, a finance professor at the University of Toronto's Rotman School of Management. Here are highlights of the session, hosted by Assistant Managing Editor Berna Windward and National Business Correspondent Katherine Maclean.

Maclean: How will the North American economy unfold in 2001?

Klotz: We're going to have a significant downturn. Whether it's defined as a recession remains to be seen. I don't foresee anything as serious as 1990-91, but I do foresee the worst conditions we've seen since. We will have a recession in North America in manufacturing, and the epitome of that recession is the auto industry. I think we'll see as much as a 20 per cent reduction in auto production. And given that the auto industry is, from a composition standpoint, twice as important in Canada as in the United States—it's nearly 13 per cent of our manufacturing and about six per cent of theirs—I can see how we're going to go unscathed even with the protection of the cheap dollar.

I think the U.S. economy will have a negative first quarter, and that Canada will follow suit sometime in the second quarter. And the recovery will be topped, more U-shaped than V-shaped. If it was only a question of interest rates then I think one could be relatively optimistic. I think the Federal Reserve Board will cut interest rates another 100 basis points and the Bank of Canada will follow suit, with a lag. But neither factor is energy prices, and they will not decline as rapidly as interest rates. I don't see oil prices going much below \$30 [U.S.]. Natural gas prices have already skyrocketed to an all-time high and I don't see that coming down either. So energy is going to continue to be a drag on the economy long after interest rates have adjusted.



I suspect by March/April the Canadian data will be ugly, if not ugly, then what we're seeing out of U.S. manufacturing. And at the end of the day, not only will the Bank of Canada cut interest rates every bit as much as the Federal Reserve Board, but it will willingly acquiesce to another 10 per cent devaluation of the Canadian dollar. And that's why the recession, or whatever you want to call it, in Canada is unlikely to be more severe than it will be in the United States, in contrast to what happened in '90-91.

Bradshaw: Right, I'm going to get my feet on the table. I think a recession will be good for the average person, when there's a little bit of tightening up and a little bit more unemployment, service levels—not e-commerce, or Enron or Air Canada—might be a little bit better. The other thing that for the average investor is, if interest rates are lowered, we could be looking at a pretty good bond return again, in the area of 10 per cent.

Maclean: I tend to base my investment advice on longer-term

considerations. However, I do share both Jeff and Wendy's views on interest rates. They are critical to me, and I can't see anything other than flat to lower rates in the forthcoming year in Canada. It's positive for stocks and bonds, but for stocks it's going to balance off—we'll get a trade-off between falling earnings per share and lower interest rates. A depressing Canadian dollar is a likelihood as well.

Maclean: So what should a panicked investor do? Let's say he's new to it all.

Klotz: What I want him to do is to sit down and work with a financial adviser or, if he has the background, to do it himself and come up with a good, solid asset allocation. Before he does anything, I want him to come up with a number once between safety, income and growth investments and I want him to develop a good understanding of long-term and short-term asset-class returns and use that as a base.

Bradshaw: The financial adviser thing is something I feel strongly about. For the average individual investing their own money, they're asking on an in-

Maclean's panellists agree there's trouble ahead, but diverge on how investors should deal with it

appropriate level of risk. The world is just as complicated, there are so many different factors, they need a financial adviser. And I would like to see the day where people use a financial adviser like they use a dentist or a doctor.

Maclean: For more and more people are investing on their own through the Internet.

Bradshaw: Don't you see! And I was horrified by an article in a recent Canadian investment magazine which was prefaced with 15 minutes per year as an individual you can build your own mutual fund and beat the experts. There are Web sites now where they can actually customize their own portfolio by buying blocks of stocks to build their own mutual fund. And that is one of the problems with technology—it's giving people a false sense of comfort that they have this information and these tools and they can do it themselves, when in fact it's so complicated that even the professionals don't know the right thing to do.

Klotz: I don't know about financial advisers, and I don't know about the long term. I tend to view all that as fluff. As an economist, I realize that the long term is nothing but a consensus of short-term and if you get the short-term right, the long term will tend to look after itself.

I think investors would be best not to be in the market right now. It may well be, probably better. So 50 per cent probability that there will be very attractive buying opportunities in the Canadian and U.S. equity markets in 2001. But certain things are going to happen before those opportunities will present themselves. People could be looking at a 10-15

per cent decline in the major indices—I'm talking S&P 500, Toronto. Now, you could be talking more of a 25 or 30 per cent decline. And it may well be that in the middle of the year, or at some juncture when people see the parameters of this downturn, there will be great opportunities to buy the North American market and it might come rallying back.

So let me just focus on the here and now. I think the only sector of the North American equity markets that is recession-proof is the energy sector. Because valuations of those companies in the market right now say that next year oil is going to be 22 bucks and gas is going to be \$3 to \$4. I don't think gas is going to go below \$5 to \$6. In other words, oil and natural gas prices just have to persist at those higher levels for a company's cash flow to defy valuations.

On the bond side, I think there are opportunities in the Canadian bond market. I'm not so sure that there are such great opportunities in the U.S. bond market because it has already paid itself for another two, three Fed cuts.

Maclean: I think what Jeff has pronounced is very incisive and would be valuable for an institutional investor. With all due respect I would disagree with the year-to-year approach. If

real returns had bailed out of the equity market in '90-91 or the next downturn in '94 or during the Asian flu in '97 or the Valdes virus in '98, with the exception of last April, from which there hasn't been a recovery, they would have been sorry in every one of those cases. They would have missed one of the greatest declines. And in fact, if you look back over the past 20-30 years, balanced portfolios have done very well. Rural investors who tried to out-pass markets have not done all that well. I think it's a dangerous risk.

Klotz: I think the essence of the real answer is no different than the essence of the institutional answer. It's called let's make money and get the highest risk-adjusted rate of return. And what's appropriate for the Chase or Citicorp or Ontario Teachers' is appropriate for Jeff Klotz's personal portfolio.

Maclean: Can I say a different one? I see three different types of investors, and it's not whether they're retail or institutional, it's what their objectives are. One type, which Jeff has been talking about, is the type which made money and doesn't want to lose their money and their risk is defined in capital loss. Now Eric, you can talk about the long term all you want, but if I take \$100 and I put it in the market tomorrow and the market drops 50 per cent, it's going to take me 10 years to make up.

Maclean: Yes, but remember, I'm not going to let you put all of that money into stocks.

Bradshaw: Okay. In any case, an investor who wants to protect their capital because there's a lot of uncertainty in the market can go into bonds knowing that the expected return that year is going to be about 10 per cent.

Then you have another investor who says, "I want to

make money because I get really jittery when I go to cocktail parties and I hear about everyone else making 120 per cent return." And then, I think you can go into the equity market but you have to have a lot of time to do it, you have to have a great financial adviser and a great investment manager and you've got to be active, active, active. You cannot invest in a way that's predicated on any of the stock market indexes. Stock-picking is going to count. And the other strategy that's out there right now that people can make a lot of money in is hedge fund investing.

That's a third type of investor who knows what they want to do, knows where they want to go to and knows what kind of volatility they can withstand before they get there. So

this is the time to go into the euro or the major European stock markets. And I think they'll be rewarded for a very short period. But I suspect what is happening in North America is going to come with a lag to Europe, and there are historical precedents for believing that when it does arrive in Europe it tends to be of a milder shade than it is in North America. As for Japan, it doesn't matter because they've been in a recession for the last 10 years. The worst performing stock markets in the world have been in southeast Asia. And if you look at who is most impacted by currency prices, it's really southeast Asia. I think you want to stay out of that region as well.

Kinner: I've been following global investing for 20 to 25 years

I've seen very little evidence of managers who consistently make good country calls on the globe scale. Again, I'm sorry, I'm in the long term, Jeff, but that's where I live. And what I've seen in the long term is that globally diversified portfolios deliver the goods. So I don't try to guess whether it's going to be Europe next year or it's going to be the Far East. I'm still a fan of global investing.

Mackenzie: This isn't a complete bubble? Will there be a correction ever again?

Rubin: What you're really asking is, do you expect to see the Nasdaq composite index back to 4,000 or 5,000 in 2001 or 2002 or even 2003? And the answer is no.

Mackenzie: So has all of tech been overvalued? What about the longer-term potential of companies that are physically building the Internet, such as Netscape?

Kinner: Some good companies are going to emerge out of this. Out of 500 companies that we could talk about, maybe 10 will turn out to be the General Electric or General Motors of the 21st century. My problem is, I don't know which ones. Netscape looks like a good candidate but I can't say for sure. So I would go back and say, yes, somewhere in my portfolio I'm going to have a small index of high-tech companies and it's going to be in there for five or 10 or 15 or 20 years.

Rubin: If you were a long-run play—the only long-run investment that I have afforded myself—it's generous. I own a product that is a composite of about 25 generic firms on Nasdaq. I feel confident that in the next five to six years, generic applications in medicine are going to continue to grow at a very rapid rate. And when you look at what North America spends on health versus what North America spends on e-mail, I think the market is potentially pretty big. So I'll allow myself the luxury of this one investment, although a really madrigal. Jeff Rubin would have sold it in December and would probably buy it back in April. ☐



"Technology is giving people a false sense of comfort that they can do investing themselves"



Photo: © 2000 Mackenzie Investments

Kinner: Brodie, should investors get out of the stock market, or stay in for the long term?

they've got an investment policy—Eric's 20-30-50 balance—and they will keep re-balancing back to that year after year. They could do better but their expectation is that they want to get that average return.

Kinner: And they've done very well over the past five, 10, 15 or 20 years.

Brodie: Well, who said, if it's windy enough, even a turkey can fly?

Rubin: I never buy stocks. I buy indices or I buy exchange-traded funds or in the case of the energy sector, I know of at least two mutual funds that mirror the composition of the oil and gas index. Particularly for the retail investor, it seems to me there's less and less need for active stock-picking with the proliferation of exchange-traded funds that allows people to make sector calls.

Brodie: I'm not advocating that individuals actively stock-pick. They should look for those investment managers who offer products with active stock-picking. And I'll go further than that, I'm saying that 2001 is not the year to invest in a market that mirrors an index.

Mackenzie: Let's look outside North America.

Are there any opportunities?

Rubin: Well, this downturn has its geographic in North America. There are probably going to be a lot of people who think



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Building Financial Independence



Weighing the Risks

By Diane Forrest

Joe Urano thought about his new investment for a year. Then, last February, he finally bought 300 shares of a creature called 600—an investment vehicle known as an exchange-traded fund, or ETF, because it is closely pegged to a market index, in this case, the TSE 60. Since then, he's lost \$4 per share. But does the 55-year-old teacher in Staceybridge, Ont., care? Not really, he says. In fact, he's thinking about buying more.

Urano is one of many Canadians who, as of November 2000, had invested over \$1.2 billion in ETFs. The

Participation Urans—were relatively obscure until the mid-1990s. But over the last few years, as stock exchanges have generally outperformed mutual funds, the popularity of ETFs has soared. There are now all kinds, from those that track the TSE to U.S. variations that follow only certain sectors, like technology or pharmaceuticals.

Mutual fund companies also offer index funds, which are similar to ETFs. Both common stocks chosen to reflect an index, and both are “passively” managed, meaning the investor remains essentially the same over time. But while owners of mutual funds buy their units directly

from the mutual fund company, ETFs trade on the stock market. So investors buy their units from other investors, through a broker, just as they would buy a stock. “The next thing it’s like a mutual fund but it trades like a stock—you can buy and trade within minutes,” says Urano, who sold some of his TSE units in the spring when prices were high, then bought them back when the price dropped again. (Mutual fund units are valued at the end of trading, so investors must wait at least a day to buy or sell.)

But what’s really caught mutual fund

Urano: ETFs’ low management fees are the big draw for many mutual fund buyers

investors’ attention is the low management fees of ETFs. “The cost is virtually zero,” says Ron Graham, a financial planner in Edmonton. “You don’t have to pay for much more than a manager’s salary.” Index mutual funds also have lower costs and so typically impose lower management expense ratios of around 0.9 per cent, but they can go as high as 2.4 per cent. But 600s like Urano’s, for instance, charge only 0.17 per cent.

ETFs also offer significant tax advantages. In an actively managed mutual fund, managers are constantly buying and selling shares in companies and thereby incurring capital gains, which are taxable for unitholders. But ETFs rarely have any change in their holdings, except for the occasional transaction to make sure the fund stays in line with its index. ETFs have a couple of other qualities investors like. Mutual funds only have to report their holdings twice a year. Since ETFs are the index, the holdings are no secret. “Every day you know exactly what you own,” says Graham.

Of course, if a market falls, so does the value of an ETF. For those reluctant to ride that roller coaster, such funds are probably not the right choice. Even though he works as a financial planner, 49-year-old Robert MacKenzie of Ottawa considers that ETFs aren’t for him. “Theoretically they’re better,” he says. “But only best if you just buy into these funds and hold on to them.” MacKenzie purchased ETFs in 1992, not the best year to buy into the stock market. After a year, he switched back to mutual funds. “I don’t mind paying the extra money to let the manager worry about it.”

There are other caveats. As with stocks, it’s hard to buy anything less than blocks of 100 shares, which can be expensive. There is also no dividend reinvestment scheme or monthly purchasing program. And while ETFs don’t have loads or commissions, brokers’ commissions can quickly eat up the profits if the units are traded frequently, even when you need their cash back for use in real life. They may find themselves selling out when the market is low. So while ETFs clearly offer solutions for some investors, there is simply no way to avoid the costs—and risks—of the market. ■

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Protecting the Amateurs

By Deirdre McMurdy

The collapse of the North American bull market could not have come at a better time for Canada's mutual fund industry. Although it will certainly make portfolio owners tougher to achieve, at least there are now few, if any, audiences for their performance. Over the past few years, dazzled by new online trading technology and the prospect of easy returns in a rising market, vast numbers of retail investors steadily drifted away from funds, directly trading equities on their own. But, as the wags of Bay Street say, never confuse brains with a bull market. And thanks to recent bouts of extreme market volatility, the hazyard investors are flocking back.

December figures from the Investment Funds Institute of Canada indicate net sales of \$1.4 billion for the month, a gain of 87 per cent over the same period a year earlier. And for 2000, sales were up 28 per cent from 1999 levels—the first year-on-year increase since 1977. “Market jitters are definitely reversing the trend of the past few years,” says fund industry analyst and author Ranga Chinn. “People didn’t abandon funds, but did ditch much less capital towards them. This RIRP season, we’re just seeing the start of renewed interest.”

At least some of that interest has been kindled by a slow and steady campaign to tighten the rules and overhaul the practices governing mutual funds. Although the Ontario Securities Commission, under its chief chairman David Brown, has been making splashy headlines over the past year with its hard line on everything from stock-price manipulation at RT Capital and corporate financial disclosure to institutional money laundering and insider trading, it has also paid close attention to less headline-grabbing issues. And despite its many high-profile cases, Brown insists that “the mutual fund industry is one of the principal focuses these days at the OSC.”

To help investors—experienced and otherwise—understand the increasingly complex and fragmented fund market, the OSC now requires, for example, that prospectus documents be prepared using plain language. There is also a push under way to introduce simplified, standardized prospectus formats, not only to make it easier to comprehend the data, but to compare them from fund to fund.

As part of that initiative, the commission has worked with Industry Canada to develop an online “fee impact calculator.” This program has been designed as a tool to help investors to readily compare the various management expense ratios and other costs charged by funds.

But most impressive of all, the OSC has been the driving force behind a new self-regulatory, self-funding national body, the Mutual Fund Dealers Association, which is expected to be



up and running by the end of March. After three years of wrangling and delays, key securities commissions and industry associations across the country are just now voting on acceptance of the MFDA and its guidelines for Canada's 60,000 fund sales representatives.

Among the many start-up “challenges” Brown acknowledges is the struggle to co-ordinate the agendas of massive bank-owned funds with those of smaller, independent operations. But other interprovincial and cross-industry hurdles have proven formidable as well.

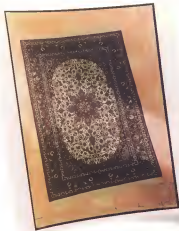
For example, there has also been the daunting task of balancing the roles of IIFC, the fund industry's trade organization, and the Investment Dealers Association of Canada, which represents brokers and securities dealers. Since both have members directly affected by the MFDA and its rules, the two bodies have battled for equal representation on the board of the MFDA. Several outside directors have been named to act as a buffer between them.

But the issue of which association has jurisdiction over which sales remains tricky, especially where fund industry sales agents sell other products as well. Financial planners and insurance agents, a large number of whom are now licensed to sell fund products, have balked at some of the proposed new rules. Specifically, they objected to the dictee that they no longer fund their commissions through unregistered personal corporations, which made them less accountable legally. In a compromise, the MFDA will allow them to continue that practice for a three-year transition period.

But even as the MFDA takes shape, Brown is already planning his next initiative. Based on the recommendations of the 1999 report filed by former OSC commissioner Glendon Sorenberg and another filed last summer by securities lawyer Stephen Feldman, he is determined to address yet another issue he has flagged as urgent: a closer delineation between professional money managers and the fund operators that market their funds. “At public companies, the funds were to attract investors with performance and the sale of units in their fund,” explains Brown. “But that can lead to potential conflicts of interest as well. And we want to ensure a measure of independence for money managers.”

Brown is contemplating adoption of a U.S. code dictating that at least 50 per cent of a fund company's board be composed of outside directors. Brown also intends to push for easier-to-understand financial information from fund companies, issued quarterly instead of half-yearly.

Still, whether a wounded bull or an all-out bear market is in the cards for 2001, mutual fund investors can be certain of at least one thing: they've got a lot working on their behalf at the OSC.



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Thinking outside of the (big) box

By Robert Schwartz

The story so far:

The fair damed (well, sort of) in this case, the big store, slightly overextended bookstore Chapters, is alone in her town, crying woe and trying to fend off the unwanted advances of Toronto power couple Heather Reisman and Gerry Schwartz. They are out to nab Chapters Inc.'s 77-supersize dowry and merge it with Reisman's tiny 15-store-book chain, Indigo Books & Music Inc. A porcupine, and from Chapters' vantage, the tale is not going well. Bad words are exchanged. Lawyers fly. There is talk of poisoned pills.

All of a sudden, out of the blue of the western sky (Burnaby, B.C., to be precise) comes an unexpected avenger: Future Shop Ltd., palatial in on an appliance-grocery-sized-of-houseware and electronics profits. Money is pledged. Future Shop's \$200-million bid—roughly \$16-80 a share in cash and stock—reps the Reisman-Schwartz offer of \$15 a share. More important, it is for the entire company, not just the \$0.1 per cent that Indigo wants. Handshakes all round.

Love Chapters? A happy ending? Don't

put down the book yet. Within two weeks, Schwartz has topped the Future Shop bid with an offer of \$17 a share. Conditional on Chapters removing a shareholders' rights poison pill. But all cash. For all shares not already pledged. "Our proposal beats the Future Shop bid in every respect," he boasts.

It's going to be quite a war, between the power couple—and the odd couple.

Chapters and Future Shop form an odd couple, but get a new challenge from Indigo's power couple

They do seem a strange fit: Future Shop, the big-box electronics retailer with its warehouse chains and legion of eager on-consumption salespeople. And Chapters, supreme in the letter crowd, with its leather loungers and ornate Starbucks. Working title of this plot line: "Revenge of the Bookie."

Taking over Chapters is a unique opportunity "to create a powerhouse Canadian retailer," says Future Shop

Schwartz (left) with Future Shop's Gerry Patterson and Layzell: a high-order war

president Kevin Layzell. "It is complementary to our existing growth strategy based on the four main retail selling boxes, selling consumer associated with books, selling connections and services." Huh? Translated, this means Future Shop goes to add Chapters' high-end books, music and DVDs to its-giver to help fend off the unexpected Canadian arrival of Minneapolis-based Best Buy Co., a burgeoning big-box purveyor of electronics galatry. But the bid price is electronic galatry. But the bid price is electronic galatry. But the bid price is electronic galatry.

Schwartz, for one, is not worried about a culture clash at Future Shop and Chapters. At the corporate level, at least, their respective operations seem cut from the same cloth, rapid debt-defying expansionists who can barely pass a mail without wanting to build a store. Since he founded Chapters in 1994 by merging Color and Scribblebooks, CEO Larry Schwartz has both infatuated and repulsed Canada's book industry by insisting it is a full-blown discount of U.S.-style deep-discount merchandising. But it doesn't like how he'd say it: "As of yet, no one has made that decision," he said while announcing the deal. Future Shop execs said they attended to run two, for the most part, separate operations, that they would do nothing to darken Chapters' apostle door with heavy appliances, and that they have "all the birds in the world" in Schwartz's fifth 2, Chapters' president Glen Magpy.

As for the power couple, this is a high-stakes battle. If Future Shop wins, it will be raised opportunity number 3 for Schwartz. He was unable to acquire John Labatt Ltd. in 1995 or merge Air Canada and Canadian Airlines in 1999. But he is not backing. If he were to cash out the Chapters' holdings he and his wife have been accumulating, he would walk away with about \$24 million—not far off what Chapters is expected to lose and Future Shop is expected to earn in profits this year.

A cautious Martin

In his first major speech since the federal election, Finance Minister Paul Martin told a group of U.S. and Canadian businessmen in New York City that they should use "caution" in assessing the prospects for the Canadian economy this year. Although Martin was careful to say that Canada is in a good position to weather a slowdown in the United States, his remarks contrasted with his previous buoyant predictions for Canada this year.

Melnyk pleads guilty

The Canadian computer hacker who copied some of the Web's best-known sites, including CNN.com, and caused nearby blackouts at Yale and Harvard universities, pleaded guilty to 56 charges of mischief and breaching bail conditions. The 16-year-old Montreal youth, who cannot be named under the Young Offenders Act, is a free man and has a full-time job. He could be sentenced to up to two years in jail.

Imperial scores big

Imperial Oil Ltd., Canada's largest oil company, reported sky-high profits in 2001, posting the biggest gains in its 121-year history. The Toronto-based company, which trades publicly through iStock Exchange, earned \$1.42 billion last year. In 1999, its profits were \$310 million.

Nortel hits the mark

Despite announcing a \$5.2-billion loss for 2000, mostly due to a mammoth expense for acquisition in the fibre-optics and networking sectors, Nortel Networks Corp. posted analysts by delivering its strongest fourth-quarter average figure of \$13.2 billion. Canada's premier high-tech company said it expects revenues to increase by 30 per cent this year. Its beleaguered stock rose sharply.

Bombardier's big deal

Montreal-based transport giant Bombardier Inc. won a contract to build 64 planes for SkyWest Inc. of Utah. The \$2-billion deal came amid a trade dispute between Canada and Brazil, home of Bombardier's main rival, over Ottawa financial help for the firm.

Business Notes

California: the big, dark chill

The state best known for lush living in many climes was shocked by rotating power outages caused by sharply dwindling power supplies. For periods of about 90 minutes each, communities around San Francisco and Los Angeles were deprived of power, the only way utilities could avoid a complete breakdown of the power grid. The blackouts caused traffic jams, shut down bank machines and provoked concerns about an increase in crime. Officials also worried that near freezing temperatures could threaten the elderly or other vulnerable groups. The half-day-long crisis only ended when emergency supplies came from R.C. Hydro.

The blackouts were mostly blamed on the 1996 deregulation of California's utilities, which were prevented from passing on peak increases to consumers under the new regime. As a result, utilities owe up to \$12 billion and are unable to buy enough power from out-of-state sources.

There was deepening concern in the rest of the world, too, about energy prices. OPEC and it will cut oil production by 5.6 per cent, after first announcing increases, in an effort to stabilize



California power lines, huge debt

the price of crude at around \$25 (U.S.) a barrel. The oil cartel said it is worried that demand will fall too quickly in the spring. Production will likely be cut even further in March, OPEC spokesmen added, to avoid the poor prices of 1980-90, when crude dropped as low as \$11 (U.S.).

Financial Outlook

Economic clouds may be gathering, but times are still relatively good for employees, according to a new survey by MetLife Policy, Calif.-based staffing consultants OfficeTeam. The company, which provides temporary office staff, found that, on average, starting salaries in the administrative field are expected to rise by 3.5 per cent in Canada this year. Sales assistants can expect some of the biggest gains: a predicted jump of 5 per cent, with salaries up to \$32,250. Typically, retail salaries are calculated using cost-of-living indexes

for various regions provided by Statistics Canada. The increase is being driven by demand, especially in growing sectors, which include technology, financial services, retail and government.

Position	Starting salary	Increase over 2000
Sales assistant	\$21,750-\$22,250	3.5%
Marketing assistant	\$16,750-\$17,250	3.5%
Customer service rep.	\$13,500-\$14,000	3.5%
Executive assistant	\$21,500-\$22,000	4.0%
Office assistant	\$11,500-\$12,000	4.0%
Secretary	\$12,000-\$12,500	3.5%

Laptop users, take note

People like to take laptop computers to meetings, but it is often inconvenient—or plain disastrous—to hit the keyboard for note-taking, while others are talking. Now IBM has developed a novel laptop design to handle handwriting.



The IBM ThinkPad TravelNote, coupled with Ink Manager Pro software, allows users to scribble notes that appear exactly as written on the laptop's 10.4-inch display. The TravelNote, says Thomas Grimes, IBM manager for mobile systems, mimics old computer hardware with the comfort and simplicity of pen and paper. But there are limits: The software cannot

convert handwriting to type. "The industry as a whole," says Grimes, "just isn't there yet."

The TravelNote, priced at \$3,999 to \$4,560, looks like an ordinary portfolio when closed and is about the same size, and weighs 2.5 lb. It cracks open like a book. On the left side is the laptop, equipped with a Pentium III 600-megahertz processor. The touch-sensitive, glowing display lies flush on the laptop's surface, but lifts up to sit on a pedestal, revealing the keyboard. On the right side, connected to the laptop through the user's spine, is a digital notepad called ThinkScribe. Users write on an ordinary pad of paper, which is on top of the digital notepad, with a pen equipped with a radio-trans-

Sound advice

Flat-panel Monosens speakers for computers are known for impressive clarity. Now, under Sonagata Corp. of Richmond, B.C., is transcending the home-entertainment market. Earlier



this month, the company launched its Monosens FFP series of flat-panel speakers at the Consumer Electronics Show in Las Vegas, the largest show of its kind in North America. Conference speakers judged the three models of speakers in the series, which began shipping in March, as the best high-end audio hardware launched this year because of their "innovative appeal, visibility, usefulness and affordability." The speakers are priced from \$899 to \$2,399 a pair.

Danylo Hrzvodka

Cool Site Tough sledding

America's Ann Bancroft and Norwegian Liv Arnesen, both teachers, are attempting to become the first women to do across-Antarctica. Last week, they reached the South Pole. You can follow their 106-day trek across 3,800 km of snow and ice, in temperatures averaging -34° C, at www.journaal-arnesen.com. The site features video and audio clips, and a daily diary

enter: Writing activates the transmitters, ThinkScribe receives the signals and transmits the written text to the laptop. (A left-handed version is available.) Users can convert files to formats like JPEG or PDF for e-mailing. A word of warning: do not lose the pen. A new one will set you back \$82.

People

Edited by Shonda Drazel



Targovins were friends and models

She's all for one, and won for all

With a second-place finish in the super giant slalom and a third in the downhill race in Vail, Ian Targovins, 24, of Vancouver, B.C., is the first Canadian ever to stand on a World Cup podium twice in the same day. Last weekend, the schwaard to another second-place finish in the slalom, known as the super G, taking her to fourth in the World Cup standings for the event. "I aged well," she said after making first place by a quarter of a second. "I am really happy."

And Targovins, 24, from Beauport, Que., now has teammates with whom she can celebrate this season— fellow Canadian racers Allison Forsyth, 22, of Calgary and Emily Brydson, 25, of Fernie, B.C. For the past three years, Targovins was the lone Canadian woman on the downhill circuit, which made for a lonely life. "During longer breaks between races, the Norwegian or German would go home," Targovins says. "It's not like I could do that."

A Willem, and a way

Willem Dafoe can be electrifying in his ability to slip under the skin of others—ranging from his role as Jesus in Martin Scorsese's *The Last Temptation of Christ* to a courageous Vietnam veteran in *Platoon*. In his new film, *Shadows of the Vampire*, Dafoe's turn is that of the undead. *Shadows* is a fictionalized tale of the making of the real-life 1922 classic horror film *Nightmare*. It suggests that, in an effort to achieve the ultimate in realism, director F.W. Murnau (John Malkovich) hired a real vampire to play the lead in his film—promising the leading lady's neck as payment. Dafoe's method, involving vampiric isn't your usual Hollywood brooding/haunting scene type. "He's not very clever," says the 45-year-old actor. "But he's very in his forthrightness—



Dafoe was just a rat faced, travelling company

—he's a man who knows what he wants in this wacky-wacky world." Dafoe, who plays the Green Goblin in the forthcoming *Spider-Man* movie, lives in New York City and runs the Wooster Group theatre company along with his partner, director Lisa LoCompte. The couple's 18-year-old

son, Jack, attends Yale University. "In some ways," says Dafoe, "I regret never really getting an education. I feel like I've been catching up all my life." No matter: with his ability to play such disparate characters, Dafoe can match kudos to plucky of other actors

Amidst a Maelström

Donn Velezore wouldn't if anyone would want to see his new film, *Maelström*. The Montreal filmmaker, 33, considers the movie is "a bit dark" and focuses on an anthropomorphic character—a woman whose life is thrown into a maelstrom after she has a run with her cat and drives off in a panic. "It was a gamble," says Velezore. And a winning one: it was screened earlier this month at Utah's Sundance Film Festival, is nominated for 10 Genre Awards

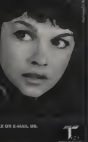


Velezore is a gamble pay off

and is the Canadian submission for the Oscar's best foreign language film category. Velezore studied film and communications at the University of Quebec in Montreal, and directed rock videos before being tapped by producer Roger Frappier to direct a segment in the 1996 movie *Genius Maelström* in his third feature. But Velezore has other things to focus on at home with girlfriend Julie Rainville and their three children, aged 6, 3 and 1. With a laugh, he says: "What's important is what's going to take out the garbage."

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What makes her special?
What makes her volunteer work so special?

1 Give a description of the nominee's volunteer work and of her motivation or reasons for volunteering. Include the name/type

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3 Give details of how the nominee showed leadership in her volunteer activities for example in identifying a need, building and attracting support, fund-raising and overcoming obstacles. 4 Tell us how the nominee used initiative in her approach to meeting the community's or another person's needs.

5 Tell us about the innovation involved in the nominee's volunteer work. Did she provide new services (not previously provided) to her community or neighbourhood or add new elements that made a positive difference?

6 Describe all the ways that her community or neighbourhood benefits from her volunteer

work. 7 List her prior volunteer experience and/or additional information.

Please ensure the nominee has signed the declaration of accuracy before making the nomination to FLARE Volunteer Awards, 777 Bay St., 7th Floor, Toronto, Ont., M5W 1A7.

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Nomination Deadline Feb. 28, 2001



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Daytime Phone # _____ Evening Phone # _____

Sponsoring Organization/Individual:

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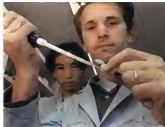
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The off switch for cell growth

A Canadian discovery may lead to a new way to control cancer

In a breakthrough that could lead to ways of defeating cancer, diabetes, heart disease and other disorders, Toronto researchers have discovered a master "off" switch in a protein that plays a crucial role in the immune system. The widely praised discovery, reported in the British journal *Nature*, centered on a tiny protein called CD55 on the surface of blood cells that activates the immune system when infectious attacks the body. Normally, when the infection is beaten, the attack stops. But sometimes the process fails, and lab researcher Josef Penhale, and "We're coming soon to the screen, we are



Provingen: Finding a possible way to stop runaway cell growth

amount because the cells overgrow, or autoimmune diseases like diabetes or multiple sclerosis, because our cells cannot stop attacking," Pennington, an immunologist at the Ontario Cancer Institute and the Argen Laboratories in Toronto, has made a series of major findings in recent years, including the discovery of how a common cold virus can trigger heart disease.

Mother's goodness

Uncovering evidence of what family physicians have known for years—that breastfeeding boosts infant health—Toronto researchers have shown that a component in mother's milk plays a role in kick-starting development of babies' immune systems. Reporting in the 12/5 journal *Proceedings of the National Academy of Sciences*, a team led by immunologist Michael Johnston at the Toronto General Hospital research

work found that a protein in mother's milk activated the immune system in newborn mice. In recent years, the World Health Organization and other organizations have promoted breastfeeding, rather than reliance on baby formula, as a way of improving the health of newborn babies. Julius said that if the same breast-milk protein can be shown to activate immune activity in humans, there is a "very definite prospect" that food manufacturers could add it to infant formula and cereals or snacks for adults.

More incentive to eat fish frequently

Already believed to reduce the risk of heart disease, the omega-3 fatty acids found in fish can also protect women against most forms of stroke, according to researchers in Boston. Data from a study of nearly 80,000 nurses between 1980 and 1994 showed that women who ate

week had their risk of stroke reduced by more than half. The study was published in *The Journal of the American Medical Association*. Dr. Kathryn Brotons, the internist who led the study, said fish high in omega-3 fatty acids, including mackerel, salmon, sardines and tuna, offset the blood-



protection. Earlier studies have suggested that eating fish high in omega-3 fatty acids can provide health benefits, including a reduced risk of heart attacks.



Leukemia breakthroughs

In a development that could prolong the lives of people suffering from leukemia, British researchers have engineered an immune cell that can destroy malignant cells. The scientists said a key to the successful strategy was the

discovery of a gene called WT-1 that is over-active in leukemia cells. They then developed a cell that can single out and destroy those cells, without harming healthy tissue. The researchers said clinical trials to test the therapy in patients would likely begin within two years. They added that the treatment would probably be effective against most forms of leukemia, and some other cancers.

Sports

Ownership of Montreal's fabled NHL franchise may soon pass to an American

Les Canadiens— in name only?

By Nicola Perrotelli in Montreal

When Senator Harland Moses bought the Montreal Canadiens with his brother in 1957, he insisted "We don't own the Canadiens, only the rights to the name." In fact, the public of Montreal, in the face of the prominence of Quebec, owns the Canadiens. "That may still ring true. But no paper, in Quebec, is ever going to come out of the Quebec lobby Association (1979-84). It's an operating action for the fan brand. Caprice, who is an American owner might move the big industry club to another city. Like Montreal. Quebecers, he grew up watching the Canadiens on television every Sunday night. "The Canadiens are part of the fanbase in Quebec," he said, "supping a drink between periods at the Canadiens' game against the Tampa Bay Lightning last week. Caprice said, "We have fans who play hockey and "identify a lot with the Canadiens." For their side, he said, "I hope a star is a Quebecer name."

Although the prospect of a domestic owner seems increasingly scarce, Malison Inc.—and NHL commissioners Gary Bettman—have sent out reassuring signals that the team will stay in Montreal. Malison has retained a legal team (and a deal is signed, and maintained its silence on a weekend report suggesting George Gillett Jr., a U.S. six-team owner and developer, had reached an agreement in principle to buy the team. The former Harbin, Glenside owner has been part of several failed bids to buy U.S. sports franchises. He owned the Montreal Canadiens last week with financial adviser Tom Snyder open before Chelmsford's ongoing Malison was selling an \$80-

per-ounce stake to a group headed by Jonathan Ledecky, part-owner of the Washington Capitals. Bar Ledecky later said he withdrew from the bid.

Negotiations have clearly been going more slowly than Molson hoped. When the bowing giant announced plans last June to sell its controlling interest in the Habs, it hoped to ink a deal by Dec. 31. But David Hanley, an analyst with First Associates Investment in Toronto, believes the money-loving Canadians' high principal prices are a big obstacle. Molson, which is coveting the tax bill, pays \$10 million a year—bigger than the total real ice



five other Canadian NHL franchises.

Molson has pledged that the sale will include a proviso that the new owners keep the team in Montreal. Some fans, though, are ambivalent about the nationality of a future owner. "What's important is the players, the coach and the spectacle," said Michel Jacob, 31, an engineer. "Why such a muted public response? I think the example of the *Mousters* eased a lot of apprehension," said Réjean Tremblay, veteran sports



Enjoying the spectacle: 'The Condors are part of the furniture in Quilón'

celebration in *La Presse*. Since buying the team in 1987, U.S. businessman Robert Winkler has been lauded for helping revive football in Montreal. (The Expos' managing officer Jeffrey Loria is also an American, although he has been pilloried by the media for his handling of the club.) Still, Thursday finds the prospect of a U.S.-owned Canadian team and, about part of a trend. "From the moment the Canadian dollar is worth 66 cents, you have to expect Americans will lay their hands on some of our souls,"

But the Canadians have lost more of their luster. They missed the playoffs the past two seasons and are stuck in the cellar of their division. Some observers blame Molson, which is expected to remain a minority owner, for the team's woes both on and off the ice. At last Thursday's game, the 23,750-seat arena was peppered with empty seats, despite a high paid attendance. Many ticket holders, it seems, simply did not show up. Canadians officials are quick to point out that their attendance is among the top five in the league—but they do not deny the team needs fixing. Inexpensive fans can only help the empty works cascade.

Should Canadian PBL teams be allowed to hold initiatives? To have your say, [click here](#).



WE LIKE TO WATCH

By Brian D. Johnson

Here's a new game show that can be played at home. Call it *Survivor: The Outback of Television*. Armed with only a clicker, each TV viewer is matched up as a member of shows about adrenergic couples, horny singles, competing cowboys, low-chills unknown pop stars, brides for sale, wanna-be millionaires, paranoid theorists, diva left-overs and performing cops. The challenge: to find any evidence of the real world over time. The reward: temporary immunity from the sinking feeling that what passes for reality on television is overproduced, under-scripted fiction with anxious actors.

By now, we all know that "Reality TV" is a mainstream. Even acting inside the old Cartesian lines—whether the real world is really real, or just a dream within a dream—there's more unscripted truth in a single episode of *The Sopranos* than in an entire season of *Survivor*. But whenever you call it, the genuine fakery of Reality TV is invading the small screen with the

tenacity of a computer virus, and it's more than a passing fad. It's the New Pornography, a mainstream pop show in which everyone gets to be an exhibitionist or a voyeur. Every drama becomes a sporting event, every character a contestant. It is entirely appropriate that last spring's *Gladiator* became America's movie of the year; it wasn't really about ancient Rome, but about the future of entertainment in the new millennium.

Since *Survivor*, which drew more than 51 million viewers to its finale last August, TV executives have been frantically trying to clone its success. Fox has launched *Temptation Island*, a cheesy knock-off in which five married couples are separated at a Caribbean resort while glorified prostitutes seduce their fakes. With low-rent production values, and players who look like they got lost on the way to an adult video shoot, *Temptation Island* makes *Survivor* look like *Shogun*. The *Mole* (ABC/CNN) is more sophisticated. It's a mystery game with 10 players who travel the world, trying to form a pack-

pot by completing challenges as a team. They're also trying to guess the identity of an undercover wheeler in their ranks. Each week there's a quit, and the player who knows the least about the *Mole* is "executed" by the show's organizers, until there is one winner left to claim the jackpot. The challenges are often bogus—imagine Americans running around a French village trying to figure out which of two *Cirque du Soleil* trapezes is fake. But the players are intriguing, and *The Mole* works as pure fantasy, a five-season video game.

Meanwhile, Jeff Probst, the world's favorite camp counselor, returns to host the second season of the CBS hit this season. It all *Survivor: The Australian Outback* premieres after the Super Bowl on Jan. 28 with a new crew of instant celebrities. And according to Probst, interviewed by phone from Los Angeles, the show is more lavish and the players more wily. "They would have squashed Richard," he said, referring to last year's winner. "They'll see the first season and they came with a strategy."

NBC, desperate to get in the game, developed a docu-soap called *Clono of Love*—featuring four men or women shackled to a member of the opposite sex until a "relationship" formed. But NBC executives dropped the show after seeing it, deciding it was just too hard. That, of course, is the paradox of prime-time voyeurism. No matter what the premise, most of the new reality game shows rely on titillation, the promise of glimpsing strangers thrown into forced intimacy that broadcasters are paranoid about showing sex and nudity. So they have to lace us with the acid of sex and nudity. Probst won't reveal if any of the players have sex in the new *Survivor*. But he says: "It gets pretty cold at night, and body-to-body contact is one way to stay warm." Maybe Canada should open a *Survivor* franchise on Baffin Island.

Canada, of course, has come up with its own reality show, *Honey Television's Pioneer Quest* offers a spurned audition to *Survivor*'s contestants as two couples vying for \$100,000 live a life out of the Mousetrap while using 19th-century tools. With titles like "Pioneer Pornography" (spoilers track an all-too-real struggle to survive as players endure heat and mosquitoes on a swampy homestead. Wrenching wholeness couples build abodes and cope with roving crop circles for a peculiar kind of voyeurism).

Conspired with the American shows, *Pioneer Quest* is an earnest advocate in erotica—voicing as an unerring proxy of Canada's documentary tradition. It feels good for you. But most Reality TV is designed to make us feel guilty about watching it. Like porn, it sells the illusion that we're glimpsing

a side of people we're not supposed to see. And a certain sort of shameful addiction is part of the attraction.

It was MTV that pioneered the reality format with its human wallpaper of *The Real World*, a docu-soap now in its ninth season. And Canada's Life Network has cloned the concept with *UTV's The Lovers*, in which eight young, good-looking strangers share a loft for a year under constant camera scrutiny while grooming themselves for immense celebrity (page 58). On Feb. 4, Global TV launches *Apex*, a 13-

episode series chronicling the seduction of what promises will be "a hot female pop group." Its five members, aged 18 to 25, have been pulled from thousands of young women who auditioned across the country. The show's Australian prototype launched a chart-topping band named Busted. But how the Canadian producers can be so sure of manufacturing hit bands suggests incredible presumption—or a real predictability in the music industry.

Programs like *Lovers*, *Apex*, and *Survivor*—are creating a new class of celebrity culture, a voyeurism of lower social willing to risk humiliation for a crack-pipe hit of disposable fame. The young ladies auditioning to join *Lovers* are like the Mousetrap of the new media. But their celebrity niche is confined to a cable channel and a Web site. Basically winning upon the UTV screen, they have talked their way into money-level media jobs, as self-conscious verities trying to stand out from the fray. And for the viewer, it can be a painful learning curve.

An entertaining docu-soap requires compelling characters and ingenious artifice. *Survivor*, like any good drama, relies on clever casting, juicy scenarios, visual flair, sound suspense, a lush sound track—and editing that forms a retrospective sense of poetic justice. The show may have spawned a new trend, but in history it doesn't really throw back to traditional television. In this post-*Survivor* age of self-selective viewing, we never see a camera crew. The show never documents its own construction, not even the Ken Tili bunch of the tribal council. Probst admits: "My origin is firmly planted in my check-

when I say, 'The contestants lie.' But that doesn't mean I don't say it." God forbid he step out of character. Probst says "Reality TV" is misleading. He calls it "documentary—part reality, part drama." But it's more like Marilyn TV, a merged genre that lets us pass judgment while indulging in some silt. Disappointed voyeurism. Television has always craved its own reality. Now it has made a spectator sport in its own image, a contest for fame and fortune in which all the world's a game.

'Reality TV' is the new pornography—mainstream voyeurism



Survivor cast members, *Temptation Island* (opposite) meet *Gladiator* stars, more wily players

For more on this, see page 58



BASE INSTINCTS, LOFTY IDEALS

By Shanda Daziel

Any fan of *Reality TV* knows two things: the secret is in the editing, and everyone involved ends up looking like an idiot. Although I have been known to watch five hours of MTV's *The Real World* in one sitting, I cringed at the suggestion to view the set of the Canadian version, *UBTV: Dirty* (now made by the eight ewcomcast-things brought together to live in a loft for a year season five on the Internet (www.ubtv.com), and the most exciting moments are edited into half-hour TV programs running six nights a week on the Life Network. Not only would I have to see those people unedited, but, too, would be captured on the camera.

In fact, entering the Toronto loft is a lot like being thrown to the lions, galled in all directions and eventually devoured by eight producers anxious for publicity. They break down your defenses with an assault of handlines and whisper strategies they tell you into microphones, holding a microphone to you for an interview on a low laptop broadcast. (The laptop spread three hours a day showing TV-like shows over the Internet.)

Common Aff: eight full-blooded contestants must coexist with a year of their lives

the legal fees to break my *UBTV* contract and put me on another show," he says with a mischievous smile. And, when he tapes a segment in which he spontaneously bumps and grinds with a man in an alien costume, he does so to be *Seventy-Night Live* contestant Dave is one of the younger ones—many of whom came straight from their family homes and ran the biggest risk of losing touch with reality. (The older players lose the loft more to carry on with their normal lives.) Do young adults—self-absorbed by nature—need to have a TV show all about themselves?

One participant seems completely lost in it. Valery is a 25-year-old Quebecer whom whose claim to fame is the dated Canadian Teen Girls for five years from the age of 15. Although she claims to be an exhibitionist, since moving in, she has been the most reserved. Her Girls-like schtick—acting out in the most inappropriate times—just isn't funny.

Around 10 p.m., Karen, the 19-year-old tattooed and pierced surfie dude, rolls out of bed. He is an art student who had spent the past four years in San Francisco. Watching his homestay (Tina and Dave) film—with no discernible story—a scene Howard Stern depicted, you wonder what could possibly be Karen's motivation for being here.

But you don't actually ask. Some of the others had an exhausting history of romance. "I think this is a wonderful opportunity," I want to be famous. "And no matter what Karen's response is, no one would have the heart to tell him he and the others may all be living their lives under a microscope in vain—because, chances are, nobody's watching."

After five hours, I was ready to go home. The lights had given me a massive headache and the loft had grown fascinating but frightening. Although I knew I didn't want to live there, I was a swinging place to visit. So on my way out, I twinged an invitation to show upcoming house party.

Do young adults need a TV show all about themselves?

Obituary

'A brave and visceral artist'

To many of his fans, Al Waxman will always be the plump, smiling, oddly catty-looking guy they saw on their TV every week in the late 1970s, swirling among the cluttered shops of Toronto's Kensington Market. He was accompanied by the cheerful notes of a balalaika and a voice that sang: "When he walks down the street, he smiles at everyone! Everyone he meets calls him the King of Kensington!" Of course, Waxman did a great deal more in his long career than star in the first successful sitcom to come out of English Canada. He made a big splash of the blues, too, playing the central role of Lucie. Best Success in the popular top show *Gagney & Larry*. And when he was producing or directing, his cramped face turned up in movies from *Atlantic City* to *Not Worth*, in which he gave a German Award-winning performance as the cantankerous hockey manager, Jack Adams.

Through all his appearances, there remained a common thread: a rough-voiced candor, a sense that here was the genuine article, lifted from the raw matter of North American life. When the 65-year-old character actor died last week in Toronto of complications from heart surgery, he had established a familiar presence that transcended his many roles. "An accomplished actor such as Al is like a tree—he takes a long time to grow," says Richard Monte, artistic director of Ontario's Stratford Festival, where Waxman was scheduled to play Shylock this summer in *The Merchant of Venice*. "He was one of young ones around. But Al had matured into a very brave, honest and visceral artist. His death is a huge loss."

Born into a Toronto Jewish family in 1935, Waxman spent his infancy years in the rough Kensington neighborhood he would later celebrate in the TV series. When he was 9, a massive heart attack killed his 45-year-old insurance father, Aaron, all his life. Waxman would be haunted by the specter of premature death. After seeing the 1946 film *The All-India Story*, he decided on a career in show business.

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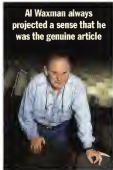
process, and only when you know that, how you got it made."

Based far from his camera, Toronto, a city he loved passionately, Waxman was notorious for his perfectionism. On the set of *The King of Kensington*, when certain rewrite he demanded were not produced in time, the furious actor once refused to work. And he always insisted that the show be properly published. John Hirsch, the noted director who was then head of CBC drama, later commented: "Al is not just an actor; he became himself with the whole production. He understood that CBC would only succeed if the CBC took him up like a star. His much more like an American leading actor than a Canadian one."

Waxman, who is married by his wife, food writer Sara Waxman, and their two grown children, Deborah and Adam, gave a great deal of time to performing charitable causes, while remaining refreshingly frank about the fact that the exposure was good for his reputation. Four years ago, he returned to the stage after a 31-year absence, with a much-praised performance as Willy Loman in the Stratford Festival production of Arthur Miller's *Death of a Salesman*. Last year in Stratford, he directed a compelling version of *The Diary of Anne Frank*.

"His honesty in both acting and directing made him a natural leader," Monte reminisces. "He is as high a standard for his fellow actors as for himself because they could see he wasn't up there lying." When he would have made of Shylock what some would say, a study of quotation. But his risk made one thing clear: he would have looked on the side all the measures of his craft and his family continued heart.

John Brannan



The actor, a presence that transcended his roles

But despite his early success performing in children's radio programs, his mother, Tobe, remained opposed, and after university he enrolled as law school. Dropping out in his second year, Waxman went to New York City to study method acting, and by the early 1960s he was working in the United States, Boston and Canada. Between acting jobs he supported himself as a busboy and short-order cook, and learned the critical lesson he repeats in his 1999 autobiography, *Threats I Am*: "Making it is a never-ending



Brian D. Johnson

Puzzles and predators

Most movies about serial murder follow a formula. There is a series of grotesque killings, a psycho with an arcane obsession, and a detective racing to stop him before he strikes again. In the end, the killer gets killed and everyone goes home happy. But *The Player* and *Puzzle World* are movies about serial murder that take a more ambiguous route—murder is just a puzzle for a story of psychological disturbances, with no catharsis in sight. These are both demanding films, and they come from stubbornly uncommercial directors who have made their names doing something else: U.S. actor Sean Penn and Quebec playwright Roben Lapage.

But that's where the resemblance ends. Penn's *The Player* is a gritty realistic thriller with an unrelenting narrative that slowly envelops the viewer in suspense, like a python crushing its prey. Lapage's *Puzzle World* is a surreal abstraction, a philosophical puzzle that stuns around with the maddening symmetry of a Rubik's



Nicholson: obsessive homicide cop

Two formula-defying movies use serial murder to weave psychological intrigue

Cube. Penn's film is devoted to action, Lapage's to ideas, and they are as different as the countries that produced them.

Recruiting Vassili Rodriguez, Helen Mirren, Benicio Del Toro, Sam Shepard and Harry Dean Stanton for minor roles, Penn has assembled a superb cast. And its centerpiece is Jack Nicholson, who gives a quietly devastating performance as a man at the frayed edge of his sanity. Nicholson's work took to fill into one of two modes. Most commonly, he is jumping Jack Flash, the showy connoisseur in movies like *The Shogun*, *Batman* and *As Good as It Gets*. But he has done his most authentic work portraying crushed and conflicted men in smaller films, notably Penn's *Heaven*, Penn's *The Crossing Guard*—and now, *The Player*.

Nicholson plays Jerry, a Nevada homicide cop about to retire who becomes obsessed with solving one last crime, the gruesome murder of a seven-year-old girl. After making an arrest, his arrogant colleague (Aaron Eckhart) declares the case closed. But Jerry has a hunch the killer is still at large and vows to find him, quietly pursuing a private manhunt into his retirement. An angler while fishing for more than fish, he buys a gas station by a mountain lake and befriends a woman

(Robin Wright Penn, the director's wife) who has a young daughter. As it sinks in that he's trying to use the girl to bait the drama becomes almost unbearably creepy. And to push the fishing metaphor, this is a thriller that maintains the tension until the end, never letting the viewer off the hook.

For a director who is so good with actors, Penn has an exceptional eye. His images—from a snowmobile stuffing on a frozen lake to a barn raised with thousands of turkeys—are bizarre yet unconvincing. With Hans Zimmer weaving primal rhythms on the sound track, the movie conveys a sense of predatory menace reminiscent of *Amn* Egyptian. There was much to admire in Penn's first two movies, *The Indian Runner* and *The Crossing Guard* (starring Nicholson as another crazed overdog), but in both emotion almost paralyzed the drama. With *The Player*, Penn lives up to his promise.

Puzzle World is Lapage's fourth feature, his first movie in English and the first he did not write himself. John Mighan adapted the script from his own 1992 play, but in themes of mistaken identity and multiple personality are close to the director's heart. The movie begins with a cop (Sean McCann) investigating the murder of a man named George (Tom McCann), whose brain has been stolen—nearly cut from his skull. But the main story unfolds in George's mind, as a battle of dreamscapes. It's a subtle narrative in which George is living several lives at once, with a lover, Joyce (Lidia Swiezin), who keeps running into oddly different people.

As usual, Lapage brings brilliant sleight-of-hand to his visual design. From the opening view of a window washer unraveling the murder scene with a squeegee, he uses the screen as a reflecting pool of water images. His ethereal visions include the Gaudi inside, a sensory deprivation tank—and a car wash (the landscape of choice for Canadian commercial cinema since *Cool*). But for a movie so directed in water, *Puzzle World* is refreshingly arid. Despite its cinematic elegance, the film never shuns off in theatrical origins. Though devoted to the idea of multiple dimensions, it's flat. Places of consciousness slide in and out with modular efficiency—not unlike what happens in the new musical based on *Lynch* Perry, another dubious intention to get lost in the maze of one man's brain. *Puzzle World* begins to unravel mystery, but by the end it's easy to forget that a murder was ever committed. And what could be more Canadian than that?

Life is...

a gift. There's always something being offered.



When we think of Hong Kong, it's old Chinese houses nestled between shanty skyscrapers. It's all the contrasts. Like the day we wandered out of the MTR station and found a spectacular traditional temple right in the middle of busy Kowloon. It was like it was so powerful inside. Just the sound of an old lady and her daughter offering prayers. It was like stepping back in time. The scene of scenes was unforgettable! To us, Hong Kong is also the old colonial buildings. The beaches—it's the days when it was a local sea house. And all the fantastic shopping. The opera mask we bought (purgatory) still makes us laugh every time we look at it!

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DISCOVER HONG KONG
City of Life

Edited by Susan Ols

Tears and persistence

I was Toronto's walk-on role in the Cold War. On Jan. 29, 1947, Mikhail Baryshnikov shocked the ballet world by defecating from the Soviet Union after performing with the Bolshoi Ballet at the O'Keefe Centre. Now, 27 years later, a Toronto filmmaker has overcome extraordinary odds to tell the story. Julietta Carson's *Forever Loop of Fate: The Dance of Mikhail Baryshnikov*—which includes interviews with Baryshnikov and his Toronto allies, as well as archival footage of him dancing as a teenage—was on Bravo on Jan. 29.

Fewer, 35, began working on the film in 1998 while she was a researcher for CBC's *The National Magazine*. She tried to contact the dancer through pianist John Fraser, who helped him defeat. But out of loyalty to the anti-dirty dance, Fraser told her the was on her own. And Baryshnikov's handlers just laughed at her, saying he had turned down positions as a U.S. broadcaster. So Fewer went to Chicago to see Baryshnikov perform and presented her proposal to the dancer backstage. "Well, he just laughed and said, 'My son wouldn't believe,' he recalls. "He said, 'I don't care about these things. They mean nothing to me. I'm not interested in the past.'"

That's when Fewer began to cry. Baryshnikov was taken aback. "She's crying? What do I do?" he asked as the



Fewer convinced Baryshnikov to share his

retirement to the west coast. When Fewer came out, he agreed to consider her proposal. But it took another year before he committed, and he insisted the film could not be sold outside Canada—which made financing almost impossible. Finding a broadcaster was another nightmare. CTV was prepared to buy only her raw footage. The CBC took almost a year just to reply. Finally, however, took a day to make it out of fear.

Now, Fewer may have to approach Baryshnikov again. After sinking \$50,000 of her own into *Loop of Fate*, she needs to sell international rights to make it back. And why was the dancer so reluctant? "I think he has a real desire for telling this story," she says. "I believe that deep inside it's so painful. It was very embarrassing for him to defect. It was a supreme sacrifice to leave Russia."

Brian D. Johnson

A boy's story

From jail time to the literary limelight—it's been quite a couple of months for a quarter 16-year-old from Astoria, Ore., 100 km south of Orono. In November, he read a composition to his Grade 11 drama class, a story whose protagonist was bullying his friend into blowing up his school. A couple of weeks later, the teen was arrested for uttering threats, and spent a month in jail before being freed on bail. His case has become a cause célèbre among writers, appalled at what they saw as an assault on imagination. Among the boy's supporters is his literary hero, his mother Stephen King, who pronounced himself "in total solidarity with that young King 'total man' McEwan, *scholarship*."



Scott Wilson, artistic director of the Ottawa International Writers Festival, has arranged a fund-raiser at the National Arts Centre for Jan. 28. There, the young author will read his now-notorious story. Tanned, no two dozen Canadian writers, including Michael Ondaatje, "All of what he's been through," says Wilson, "we thought he deserved a silver lining."

Hypertext wars

To those at a distance from the conflict, commentary on the two-front holy war Bill Gates/Microsoft is currently raging against its competitors and the U.S. government often seems apocryphal in tone. That's certainly the case with the title, at least, of Ken Aulet's *World War 3.0: Microsoft and Its Enemies* (Random House). But the book itself, by The New York Times' respected media and software critic, is an absorbing narrative centered on United States v. Microsoft, America's biggest antitrust case since the 1911 Standard Oil ruling. (Current cases involving lost in case in federal court last June, Microsoft launched an appeal that will be heard starting on Feb. 26.) Aulet's illustrations the issues at stake in the complex case, and does a masterful job of describing the personalities involved, especially that of Gates, the boy genius at the centre of it all.



Best Sellers

- | Position | Title | Author |
|----------|---|--------|
| 1 | THE GENTLEMAN GARDENER: John Galsworthy (C) | 1 |
| 2 | THE GENTLEMAN GARDENER: John Galsworthy (C) | 1 |
| 3 | THE GENTLEMAN GARDENER: John Galsworthy (C) | 1 |
| 4 | THE GENTLEMAN GARDENER: John Galsworthy (C) | 1 |
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1. THE GENTLEMAN GARDENER: John Galsworthy (C)
 2. CANADA'S FUTURE: A Vision for the 21st Century (C)
 3. THE GENTLEMAN GARDENER: John Galsworthy (C)
 4. THE GENTLEMAN GARDENER: John Galsworthy (C)
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 10. THE GENTLEMAN GARDENER: John Galsworthy (C)

Return of a literary icon

Books in Canada, the nation's oldest book review magazine, was a C&L mystery from its founding in 1971 until it ran out of money and ceased publishing early last year. Now it's back thanks to a sponsorship deal with indie book retailer Amazon.com. In return for an undisclosed

sum, Books in Canada will provide Amazon with reviews of new Canadian books, and—so the arguer of free-lance writers who claim democratic rights to their past works—Amazon promises access. An alliance with the American giant may seem odd for a publication born of Canadian literary nationalism, but Books in Canada owner Adrian Scott is excited about

the opportunity offered by Amazon's global reach. Smith prize poet is his archive of 30 years of C&L reviews and commentary, much of it by or about "our most prominent writers when they were still aspiring writers," he says. "It's a historically significant collection, and now Amazon's millions of customers around the world can easily sample Canadian literature."

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Allan Fotheringham

Foreplay by Porter

As anyone who knows her knows, Anna Porter is a tease. The beautiful and brainy publisher is Hungarian, after all. How do you make a Hungarian tease? First, you steal six eggs.

Peter C. Newman, who is Czech by origin—and loves Anna dearly—says that the Czechs, who have lived near death to Hungary for 100 many centuries, have a saying: "A Hungarian is someone who can enter a revolving door behind you and come out ahead." Old joke. But true joke.

Porter is the boss of Key Porter Books of Toronto, but she is unusual (being Hungarian). She also knows how to tease. She has written three crime novels. And now she has written—published like her first three but by her own firm—an intriguing comic called *The Sunday Morning Seven, Magic and Luc: A Memoir of Hungary*.

Now, a "memoir"—the dictionary tells us, is "a biography . . . records of one's life and experiences." Churchill wanted to tell his story and won the Nobel Prize for literature. But I guess modern life spends things up. Pamela Wallin, the guide of *Wholeness*, said, two seasons back published her life story and she was barely past 40. Does she think the rest of her life is going to be boring? Not bloody likely.

Now we have Porter with her amazing life, which seems to have ended when she was about 16. Then Anna Szegedy in Hungary, she devoted most of the book to her grandfather, while trying to avoid discussion of herself.

She worshipped, obviously, her guru, Vilá Racz—partially, one assumes, because her father disappeared from her life before she knew him. She remembers every single word Vilá said, so I guess that accounts for the "memoir."

With a chair in each hand, an adult sitting stiffly, sheepish, he could lift them both. He represented Hungary in four different events at the European Games. He held the European record for the 100-yard dash for a decade while also becoming the Hungarian heavyweight wrestling champion for a year. He fought a reported 100 duels (many over women) and fathered some 16 illegitimate children. I guess that accounts for the magic and the luc.

But what we really want to know is how this lad got from being the fatherless child to where she is today, married to the best-known libel lawyer in Canada and the being the most recognizable publisher in the land with that flip of her long

blood tresses that is matched at every swish cocktail party. She's a tease, of course.

She tells us, trying to escape across the border into Austria, how she as a five-year-old was thrown into jail with her mothers when they stayed (Austria for three weeks, neither for six months). She was awarded into the Young Communist League. When her start was ended by three trucks, she tells us, Vilá cut two of the trucks through with his 1908 sword and the third one he tossed out of the window of his second-story apartment.

Great stuff, but I want to know how she got to Toronto and got a job with the legendary Jack McClelland, the father of Canadian publishing, after she did his bidding and read the 50-odd books in McClelland & Stewart's New Canadian Library series.

Her tales are mesmerizing. As a 12-year-old she did not approve of one of her mother's suitors, a lawyer who beat his own mother, and dipped a dead rat into his supper stew. Her mother—who still stands out like a shining jewel at Toronto publishing parties—married a Communist, impossible so as to get Vilá out of jail and, once released, she divorced him.

Wonderful stuff. But I want to know how Anna got to New Zealand not knowing a word of English and ended up with an honors degree in

English lit. We got more than a little bit of what we want to know about Hungarian history, the Huns and the Goths, going back to Christmas, AD 1000, when Pope Sylvester II sent the first king of the Magyars a crown of gold with a cross as its peak.

Anna Porter, being one you should never go into a revolving door with, cleverly and carefully never does reveal in her "memoir" her birth date but we sort of discern, as the Germans love and the Russians arrive, that she is a "woman of a certain age." She is equally mysterious in the Hungarian Revolution of 1956, on how "I lost the money"—standing as a teenager with a gun in her hands to a young Russian soldier suggested from his tie. "I had learned how to endure the gun's recoil . . . He died very quietly with his head on my knee. I think I was holding his hand."

It's a fascinating book. But it's not a memoir. It's just foreplay. We're all waiting for the Right Stuff, which undoubtedly is in the assembly line down the road.



By Peter C. Newman



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